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NEWS SUMMARY

GENERAL

German terror trial adjourns

The Baader-Meinhof urban terrorism trial opened yesterday in a near-fortress close to Stuttgart, and was promptly adjourned until next week. The delay involves the exclusion of three lawyers chosen by Andreas Baader, 32, one of the four alleged ringleaders, for his defence.

The court reconvenes on May 30, when Baader, together with Ulrike Meinhof, Jan-Carl Raspe and Gudrun Ensslin face more than 350 pages of charges including murder, robbery and arson.

The court fortifications were a precaution against terrorist attack. Page 6

U.S. officers shot in Iran

Two U.S. Army officers were ambushed and shot dead in Tehran yesterday. A U.S. Embassy official said Communist terrorists were believed responsible for the "premeditated assassination." Page 7

Socialists boycott Lisbon Cabinet

Portuguese Socialist Party leader Dr. Mario Soares and his Minister of Justice Dr. Salgado Zenha are to boycott all Cabinet meetings until the Republica Socialist newspaper is allowed back into print under its editor Raul Rego. This withdrawal amounts to virtual resignation from the coalition Government. Page 6

Press protest over Saigon news ban

A delegation representing 120 Western journalists in Saigon has handed in a leter to the Presidential palace complaining of difficulty in gathering news and film reports and in transmitting them from South Vietnam.

Some violent resistance from elements loyal to the old régime was admitted by the new South Vietnamese government. This "small minority" was killing soldiers, circulating subversive propaganda and looting private homes, an announcement said. Page 7

Dr. Kissinger backs Berlin

Only if West Berlin is secure is Europe secure, stressed Dr. Kissinger addressing the city's parliament. He repeatedly said that the U.S. would stand by the city it regards as the "acid test" of detente. Page 5

First reading

The Bill to amend the law on rape, sponsored by Mr. Jack Ashley, MP, was given a first reading in the Commons yesterday by 228 votes to 17. Page 12

Soccer train hopes

Chances of London Underground staff agreeing to work on Saturday when some 70,000 soccer fans converge on Wembley for the England-Scotland match seemed remote last night, despite an appeal from Sports Minister Mr. Denis Howell.

Latest EEC poll

Latest Gallup Poll on EEC membership, published in to-day's Daily Telegraph, shows little chan[illegible] from last wek with 61 (6[illegible] [illegible]nt. in favour and 29 ([illegible] cent. against, Refe[illegible] [illegible]s, Page 12

Bri[illegible]

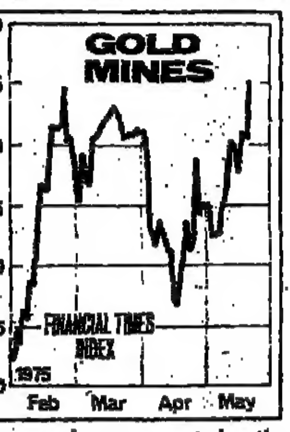
Sir Walter Adams, director of the London School of Economics until his retirement last year, died in Salisbury, Rhodesia, after a heart attack. Obituary, Page 8

Soccer: England and Wales drew 2—2 at Wembley. Trevor Bailey, Page 4.

BUSINESS

Golds at new peak: Wall St. off 11.8

● EQUITIES fell back after the recent rise. FT 30-share index closed 4.4 down at 351.3. Gold mining shares rose in line with



the upward movement in the bullion price, the Gold Mines Index jumping 22.7 to an all-time peak of 425.6.

● GILTS — shorts gains ranged up to ½, with mediums and longs holding steady.

● GOLD was up $3½ at $170¼.

● STERLING was up 120 points at $2.3160. Weighted average was 24.9 (25.0). Dollar's was 7.05 per cent. (6.67).

● WALL STREET was off 11.81 at 818.68—due to sharp rise in U.S. cost of living.

● INVESTMENT DOLLAR premium was up ¼ to 103½ per cent. Conversion factor 0.5538 (0.5551).

● U.S. RETAIL prices moved up by 0.6 per cent. during April. Annual rate of increase was 5.8 per cent. over the past three months, against a 10.2 per cent. year-to-year rise last month. Page 5

Call to continue Chrysler strike

● CHRYSLER shop stewards unanimously voted the strike at the company into its third week. Their recommendation goes to a meeting of 4,000 engine workers to-day. Back Page

● U.K. MACHINE-TOOL industry will not be able to cope with the demand produced by the capital investment programme proposed for British Leyland, Machine Tool Trades Association heard. Back Page

● GRINDLAYS BANK increase in capital, possibly with a rise in First National City Bank's stake from 40 to 49 per cent., is expected to be announced early next week. Back Page

● AINTREE RACECOURSE is to be sold again only 13 months after Mr. Bill Davies' Walton Commercial Group bought it from Mrs. Muriel Topham. Page 2

● BRITISH RADIO Equipment Manufacturers' Association members say 25 per cent. VAT on their products will put 6,350 employees—20 per cent. of the labour force—out of work soon. Page 8

Post cut hint

● POSTAL SERVICE may have to be cut further, and public opinion is growing in favour of reductions, Mr. A. Currall, head of the Post Office's postal division, said. Page 8

● ESSO PETROLEUM is to cut scheduled prices of gas oil for domestic central heating and retail auto diesel fuel to dealers by 1p per gallon. Page 8

COMPANIES

● BEECHAM GROUP taxable profits were £6.9m. up at £61.9m. for the year ended March 31, on sales of £436.4m. (£338.4m.). Page 27 and Lex

● WEDGWOOD pre-tax profits rose £687,000 to £4.93m. for the year ended March 29. Page 27 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

RISES			FALLS		
Anglo Continental	45	+ 8	BICC	126	− 7
Barlow Rand	311	+ 9	Boots	265	− 5
Broken Hill Prop.	685	+ 20	Brit. & Comm.	196	− 6
Countryside Prop.	20	+ 3	British Homes Stores	363	− 6
Elect. & Ind. Secs.	34	+ 4	EMI	188	− 5
Friedland Doggart	54	+ 6	Fisons	370	− 10
Hawkins & Tipson	82	+ 5	GKN	250	− 5
OK Bazaars 'A'	780	+ 30	Hanson Trust	153	− 6
Portals	153	+ 8	Hawker Siddeley	278	− 6
Siebens Oil Gas UK	785	+ 115	House of Fraser	88	− 4
Hampton Areas	134	+ 17	Lamson Inds.	89	− 5
Messina	360	+ 15	Land Secs.	211	− 8
Murphyores	55	+ 15	Lyons (J.) 'A'	166	− 8
Pot. Platinums	222	+ 9	MEPC	170	− 9
President Brand	£27	+ 2	Midland-Yorks. Chm.	400	− 25
Randfontein	£34	+ 2¼	Nat. Westminster Bk.	228	− 9
SA Lands	670	+ 60	Phoenix Assurance	234	− 8
			Redland	90	− 5
			Tate & Lyle	262	− 5
			Warren (James)	106	− 8
			Wedgwood	177	− 8
			Wormalds Walker	10	− 3
			Tricentrol	65	− 7

(FT stock indices and FT-Actuaries summary Page 37.)

BSC seeks all-round price increase to avoid £375m. loss

BY HAROLD BOLTER, INDUSTRIAL EDITOR

The British Steel Corporation is to seek an all-round price increase shortly, despite the serious recession. It is doing so because it does not feel that the cost-saving package agreed with the unions earlier this week can on its own prevent a prospective £375m. loss this year.

Mr. Bob Scholey, the BSC's chief executive, revealed the corporation's decision to risk bringing in a new round of price rises yesterday at the annual meeting of the British Scrap Federation in Bournemouth.

BSC prices last went up in January, by an amount intended to raise the revenue of the corporation from basic steels by 20 per cent. on the basis of existing sales forecasts for 1975, or some £300m.

Since then demand has slumped further than expected and imports of steel, usually priced lower than the BSC price schedules, have come into the U.K. on an increasing scale.

But the BSC has clearly decided to take the gamble that if it raises prices in Britain its foreign competitors will raise their charges, too, rather than try to capture an even bigger share of the market. The European Commission's plans reported below should help to bring stability to the market.

Mr. Scholey told the Scrap Federation meeting that the proposed price rises were part of the programme designed to minimise losses.

He would not specify the size or timing of the price rise but indicated that it would come "soon" and that it would be an all-round increase.

Earlier, Mr. Scholey had said that unless the corporation could "get a check on things" it had loss prospects this year of £375m. This was "quite intolerable."

The BSC was therefore hoping to make substantial savings. It planned to save £100m. on commodity purchases alone and the package deal accepted by the industry's unions would, it is hoped, save another £100m.

The logic of Mr. Scholey's statement is that the corporation needs to raise another £175m. or so from price increases during only part of the 1975-76 financial year in order to break even.

Serious

Mr. Scholey said that he was satisfied that the unions, which totally rejected earlier BSC plans for substantial manpower cuts and short-time working, would "put their best endeavours forward."

He said that the unions were now quite clear about the problems and accepted that the industry now had to get out of the political spotlight and back to the works where major economies could be made.

Mr. Scholey also produced figures showing the extremely serious effect which the steel depression has had on the corporation.

Last week, he revealed, the corporation produced only 300,000 tonnes of liquid steel. This represented about 60 per cent. capacity working.

Discussing prospects, Mr. Scholey pointed out that the corporation had already suggested that the depression would probably last until next March. But it was difficult to forecast so far ahead.

"My own view is that the recession will last longer rather than shorter," he said.

Mr. Scholey also hinted that the corporation's £4.5m. long-term development plan might now have to be modified.

The "common sense view," he said, would have to take into account how much of the programme hinged on continued economic growth in Britain.

The corporation had geared this development programme to supplying low-cost steel to a growing economy, but there had been very little growth.

It was important that there was this growth or "a question mark would be put against some of our ideas."

Scrap Federation conference Page 8

Rush to holiday abroad grows

BY ARTHUR SANDLES

THE RUSH of Britons to holiday abroad this summer has all the makings of becoming a stampede. The supply of package tours to popular destinations during the school holidays shows signs of drying up—a situation predicted by the holiday trade in January but largely dismissed as marketing propaganda.

It now seems likely that far more Britons will go abroad this year than last. It is unlikely, however, that the travel business will reach the boom figures of 1972-73. Since then companies such as Court Line (Clarksons and Horizon) and Apal have ceased trading.

Revival

The revival in a package tour market, which fell by 25 per cent. last year, is something of an embarrassment to the industry. Many companies have cut back capacity. Now they are faced with one of their best years.

Economic difficulties and the falling value of the pound do not seem to be deterring holiday-makers, and it is now becoming difficult to book holidays to the Costa Brava, Majorca, Malta and parts of Italy in the peak season.

"Just about the only places where you could say it was easy to get a holiday at the moment are Portugal and Switzerland," one travel agent said last night.

Thomson Holidays, Britain's biggest package tour operator, said it was already heavily booked to most destinations and had sold 90 per cent. of its summer capacity. There had been a recent rush and anyone wanting a holiday in the near future with a specific demand "would be very lucky" to get it.

Package

British Airways' package tour division said it still had space on some holidays but there was severe pressure on trips to the Costa Brava, Malta, Tunisia, Italy and the Costa del Sol.

"Some of these places were fully booked in March," said the airline.

The comments confirm reports from the banks, who have had a run on foreign currency, and the British Tourist Authority.

CBI and TUC moves on new pay rise pact

BY ROY ROGERS, LABOUR CORRESPONDENT

BOTH SIDES of industry were yesterday considering how the level of wage settlements can be reduced. This is part of the build up to the anticipated tripartite talks with the Government for a new wages policy to replace the social contract.

The problems of inflation and how it should be tackled were discussed at three key meetings yesterday—the TUC general council, the CBI council and talks between the TUC economic committee and Mr. Denis Healey, Chancellor of the Exchequer.

Although the TUC and CBI have widely differing views—indeed there are still major differences of opinion within the TUC—the Government is encouraged that at least they appear to be heading in the same direction.

At their council meetings, the CBI yesterday agreed a policy of seeking tripartite talks aimed at setting a fixed percentage limit for pay deals, reviewable each year and designed to reduce inflation to no more than 5 per cent. within three years.

Under the CBI plan, details of which will be disclosed to-day, the Government, TUC and CBI would agree firm regulations designed to prevent abuses of the scheme.

While it is deliberating pay policy over the next few months, the TUC hopes that member unions will adhere strictly to the social contract wage guidelines and a forceful circular to that effect will go out from the general council to-day.

In it unions are advised that the aim is to bring the level of inflation "substantially below" 20 per cent. by the end of the year and warned that if settlements in the next round of negotiations, beginning in the autumn, are around the 30 per cent. level of some concluded recently, or are made before their due date, then the prospect of reducing price inflation would be "seriously threatened."

Focal point for much of this increasing TUC pressure is the National Union of Mineworkers which is also being subjected to a mounting Government campaign not to set their demands too high at their annual conference in July.

The latest phase in the Government's campaign came yesterday from Mr. Eric Varley, Energy Secretary, who warned that a "ludicrously excessive pay demand forced through by brute force could only wreck the coal industry."

CBI President's speech Page 8
Scottish miners seek £100. Page 14
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Unions preparing claims will be told it is important that:

● Settlements conform to the rise in the Retail Price Index;

● Negotiations should not be reopened before their due date;

● Previous special case increases and other special increases aimed at improving the relative position of the low paid or women, should not be used as arguments for claims based on comparability where these special considerations do not apply.

While stressing the importance of the social contract, the general council also considered future wage policy, including the so-called "Jack Jones" plan for common, flat-rate increases related to the RPI and based on the national average wage and a new plan suggested by Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs.

Mr. Jenkins who, like other union leaders representing higher paid and skilled grades, fears that differentials would be

Continued on Back Page

EEC steel producers agree to voluntary restraints

BY REGINALD DALE, COMMON MARKET CORRESPONDENT BRUSSELS, May 21.

EEC STEEL producers, including the British Steel Corporation, have accepted the principle of voluntary restraints on production in the Community to help cope with the crisis in the industry caused by plummeting demand, officials said here to-day.

However, no specific figures have yet been set as production targets for the coming months and the common guidelines now to be drawn up by the Brussels Commission may not necessarily involve sharper cutbacks than those already planned in the industry. The BSC, for example, has already cut back production to around 60 per cent. of capacity.

The approach of the Commission, endorsed by the steelmakers in talks here to-day, will be to steer a middle course between taking no action, as some producers had argued and introducing strict controls on production, prices and imports, as advocated by others.

French steelmakers have now dropped their demand that the Commission declare a state of "manifest crisis" in the industry, which would allow strict controls to be introduced if member States agreed.

Following to-day's consultations, the Commission will now press ahead with drawing up new "indicative" forecasts of output for the June to September period.

The production levels contained in the programme will not be binding, but the assumption is that the steel producers will stick to the figures fairly closely.

Without taking specific action on imports or prices, the Commission apparently feels that publication of the new production figures, which will attempt to match output to demand, should have a stabilising effect on prices.

More talks

Before publishing the programme, the Commission will hold informal consultations with officials from the nine member governments at the beginning of next week—at the request of the French Government. Further consultations will then be held within the "European Coal and Steel Community's Consultative Committee."

Officials here do not exclude the possibility that the programme could be published before the U.K. referendum on June 5, but this is by no means certain. Although the Commission confidently maintains that the steel crisis in Britain has nothing to do with membership of the ECSC, it is also fully aware of the political implications of any action it might take in the steel sector during the referendum campaign.

In its talks with the steel producers, the Commission is seeking to establish production targets for each of the Nine ECSC countries and would reportedly like to publish the figures for each country separately.

However, some of the steel makers yesterday argued that it would be more tactful to publish only one single figure for the Community as a whole.

Officials to-day emphasised that the Commission had not yet decided on the final figures.

£ in New York

—	May 21	Previous
Spot	$2.3216-3230	$2.3067-3084
1 month	1.07-1.02 dis	1.13-1.08 dis
3 months	3.21-3.16 dis	3.23-3.18 dis
12 months	12.15-12.00 dis	12.60-12.45 dis

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

SE deputy chairman urges new short-term capital gains tax

BY STEWART FLEMING

MR. JAMES DUNDAS Hamilton, a deputy chairman of the Stock Exchange, yesterday advocated the reintroduction of some form of short-term capital gains tax as part of an alternative to the Government's wealth tax proposals.

The object would be to reduce the rate of tax to be paid by longer term holders of shares when they sold their investments in comparison with those who bought and sold within a short period.

Mr. Hamilton suggested that the reintroduction of such a tax might reduce volatility of share prices, discourage speculation and encourage shareholders to consider the responsibilities they have as owners of companies.

He conceded that such a change in the tax system might not be popular, particularly among smaller firms on the Stock Exchange, but he pointed out that that it is the larger firms that make up the Stock Exchange Council. He made it clear, however, that he was speaking personally and not on behalf of the council and that such changes would need to be linked to a major reform of the tax system.

Mr. Hamilton's remarks came in response to questions relating to the evidence which the Stock Exchange presented yesterday to the Commons Select Committee examining the Green Paper on wealth tax. The SE was answering questions by the committee yesterday.

In its evidence the Stock Exchange said that it viewed with dismay the prospect of yet another tax on investors, which would take to ten the number of taxes to which an investor who buys and sells shares is liable.

The introduction of this tax—without a general rationalisation of the tax system and particularly the investment income surcharge and the capital gains tax—appeared penal to the investor and a further administrative burden to all concerned.

It would also deter savings in general and investment in quoted securities in particular, deter entrepreneurial drive and be particularly penal on member firms of the Stock Exchange which are partnerships, the SE added.

It pointed out that a wealth tax would encourage the wealthy investor to place his money in alternative investments to those quoted on the SE—such as works of art, antiques or property—which would be unlikely to create employment or add materially to the wealth of the nation, but which would "more easily evade the maw of the tax gatherer."

The wealth tax could inflict "abiding damage . . . on the delicate balance of a mixed economy."

In evidence to the select committee last night Sir Alexander Glen, chairman of the British Tourist Authority, expressed considerable concern about the future of the thousands of small businesses which he regarded as an essential part of the British tourist industry.

These businesses might sometimes have considerable value, but often had little in the way of cash resources to meet substantial demands.

Lex—Back Page

FT Share Information

AS FROM to-day's issue, earnings figures in the Share Information Service which were usually modified only on official forecasts, will be shown updated for interim statements. The figures are still based in the main on latest annual reports and accounts but, where sufficient detail is provided, earnings relating to the first six months of the previous year have been replaced by those of the first half of the current year. This gives, in effect, the latest annual rate of earnings.

The new treatment is also reflected to-day in alterations to statistics in the FT-Actuaries series of share indices. The changes are based on those half-yearly announcements made over the last seven months. Future adjustments will be made on the normal day-to-day basis as statements come to hand and official forecasts will, of course, still be given their usual precedence.

LOMBARD

Our ideas versus their ambitions

BY C. GORDON TETHER

PRO-MARKETEERS are forever declaring that the other Community countries can't wait to see us tied up for good in the EEC, that all the Commonwealth is desperately anxious to see the same consummation and that even in the rest of the world there isn't a country that doesn't feel much the same way.

Well, the attitudes of the rest of the world have never been researched in more than the most superficial sense. And when the Commonwealth countries were asked to give a formal blessing to British Membership during their recent conference in the Caribbean, they mostly showed themselves unwilling to do more than breathe a few words to the effect that they wouldn't mind if we stayed in. As for the other EEC countries, has anyone in the pro-Market camp asked them recently how they really feel about it? I suspect that they could get a very nasty shock if they did.

All the official and business bodies are, of course, continuing to say the right things—the things, that is, that they believe will help Mr. Wilson to win the British electorate's approval for his recommendation. But what are their true feelings? The European magazine "Vision" a good sounding board for EEC thinking at the top if ever there was one—throws some extremely interesting light on this question in its current issue.

In a limbo

"*Hanging in a querulous limbo, bardly in the EEC and nearly out of it*" it says, the British look finally ready to say 'yes' to their continued membership. But 'that is when," the article goes on, "all the trouble could start in earnest. Much admired for their tenacious grip on parliamentary freedoms and sovereignty, it could be those qualities which render them poor members of a Community built on compromise. So what happens to the ambitions of the remaining eight members then?"

What, indeed! One may not approve of the EEC approach to greater European togetherness—and I would certainly question the proposition that it is built on "compromise" in the ordinary sense of that term, remembering the dominant part that German and French vested interests have played in shaping the Community's evolution to date. But one can have a considerable sympathy with the contention that they would be better off without a Britain that appears to be taking—and is apparently determined to go on taking—an attitude to the all-important sovereignty issue that is fundamentally different from their own.

And they have good grounds for supposing that the trouble arising from the virtual impossibility of reconciling the British attitude to the European vision with their own will erupt if and when the referendum produces a vote in favour of our continued membership. The British Government has made sure of that by basing its appeal to the nation to stay in on a Mark II membership prospectus that rules out British participation in the most vital form of EEC integration—economic and monetary union.

This is abundantly clear from the statement the Prime Minister made to the House of Commons explaining the background to his decision to recommend the nation to stay in. Since the original British commitment to participate in economic and monetary union was made, he explained, there had been a major change in the attitude of other EEC countries to achieving it. Consequently, although it had been re-stated as a long-term objective in the communique issued after the EEC Summit conference at the end of 1974, "for all practical purposes it had been tacitly abandoned."

Well you couldn't be more explicit than that. But this is not, of course, the way the other principal EEC countries feel about the matter. They see the shelving of plans for its completion by 1980 as a temporary setback necessitated by the international monetary turbulence sparked off by the oil prices explosion.

What happens to their ambition in this direction when the British authorities refuse to go along with them—as the express commitment they have given to the British people will require them to do?

This prospect points up in no uncertain manner an issue of great significance for the referendum debate itself which Mr. Neil Marten, head of the Anti-Market referendum campaign, ringed round when he called on pro-Marketeers earlier this week to come clean about their attitude to the sovereignty issue.

They insist on talking in the same breath—as Mr. Enoch Powell pointed out during his confrontation with Mrs. Shirley Williams on BBC TV earlier this week—about losing only a little sovereignty and yet participating in a European State that will be sufficiently integrated to wield enormous power and influence in world affairs. The two things are quite incompatible. And it is high time that the pro-Marketeers accepted that and told the public what they really have in mind.

RACING | BY DOMINIC WIGAN

Royal Sensation has improved

NO ALIMONY maintained the fine run of the Seven Barrows establishment when winning yesterday's £2,000 Predominant Stakes at Goodwood and many will expect his stable companion, *Royal Sensation*, to land another good prize for the stable by winning to-day's 1½ miles Lupe Stakes on the Sussex course.

Royal Sensation, a well-made bay daughter of the highly promising young sire Prince Regent (also responsible for one of Peter Walwyn's likely Derby representatives, Red Regent), first showed herself to be a smart filly in the making when accounting for Firework Party and 13 others in a maiden race at Newbury last September.

On her re-appearance and only outing to date this season, Royal Sensation showed that she had improved a good deal over the winter when easily conceding from between 4-lb and 22-lb to her rivals in Epsom's valuable April Handicap over a mile and 110 yards.

That race will have brought Royal Sensation on considerably and I do not envisage her failing to complete the double.

Nip In the Air, badly interfered with a furlong from home when she was going well in the Princess Elizabeth Stakes at that Epsom meeting, appears to be the principal threat to Royal Sensation.

It will be interesting to see if that smart sprinter Hovis can follow up his success of a year ago in the Selhurst Park Handicap (3.0).

Roy Smyth's handsome chestnut five-year-old, who had a remarkably successful campaign last year—winning at Bath, Epsom, Salisbury, Doncaster and here—may well go close, even with 35-lb more in the saddle than he carried 12 months ago.

However, one whom I slightly prefer is another five-year-old, Richard Hannon's *Roman Way*. This compact American-bred horse clearly holds another in to-day's field—Briarvanter—on recent running at Folkestone, where they took the first two places in the competitive Saltwood Handicap.

The Newmarket stable of former champion jockey Doug Smith has been having a lean time so far this season, with many of the stable's inmates apparently not yet at their best.

One from the yard who has recently shown winning form is Lady Cohen's *Jukebox Jury*, a bay daughter of Jukebox, who won the Stewards' Cup here a few years ago in the hands of Lester Piggott.

Jukebox Jury, a 1½-length winner from Rose Track in an 18-runner division of the Marcus Beresford Stakes at Sandown just over three weeks ago, is taken to follow up in the Langford Handicap (4.30), in which the topweight, Murrmatch, is an obvious danger to all, even with his formidable burden of 9 st 7 lbs.

GOODWOOD
2.00—Ryan's Pride
2.30—Aspara
3.00—Roman Way*
3.30—Royal Sensation**
4.00—Sound Jiff
4.30—Jukebox Jury***

NEWTON ABBOT
2.30—Warm Welcome
3.00—Oshaldeston

PERTH
2.45—Southern Lad
3.15—Crown Court
3.45—Assembly Bell

Aintree to be sold again

By John Trafford, Property Editor

AINTREE racecourse, home of the Grand National steeplechase, is to be sold again only 13 months after it was bought from Mrs. Mirabel Topham by Mr. Bill Davies's Walton Commercial Group.

The identity of the buyer is expected to be disclosed in London to-day. The purchase price now agreed for the 260-acre racecourse is likely to be somewhat above the £3m. in cash paid by Walton to Mrs. Topham and the company should emerge from the commitment with neither a heavy profit nor a loss.

Mr. Davies planned to build a shopping centre and leisure complex on part of the course while retaining the racecourse. The local council has not shown any enthusiasm for the scheme and it seems probable that the new owners will develop Aintree as a racing centre rather than realise some of its property potential.

SALEROOM | BY ANTONY THORNCROFT

Provincial silver in the cold

CHRISTIE'S HAD a mixed experience with a sale of English and foreign silver yesterday. Most of the lots sold at around its estimates, but some pieces in a collection of English provincial silver, mainly of the 17th century, failed to find buyers at the prices asked. Even a rare Queen Anne two-handled porringer from Falmouth, one of the few pieces of marked Falmouth silver known, was bought in at £2,600.

Elsewhere, demand was quite brisk and the star item, a cylindrical silver tankard, made in York in 1648, probably as a marriage gift and inscribed with a lengthy poem, was bought privately for £7,800, near the top of the estimate.

To make this tankard even more intriguing, there is a merchant's mark, a date 1558 and the words "1st Eliz." which have never been satisfactorily explained.

Other good prices were the £3,400 given by an American buyer for a pair of George III two-light candelabra and the £2,300 from Koopman for a Leipzig parcel gilt tankard of around 1630. A George II tea kettle, stand and lamp fetched £2,200, and an Elizabethan silver gilt mounted jug, made in Barnstaple around 1580, went for £1,800, just below forecast.

There were no doubts in Christie's sale of jewellery which underlined once again the firmness in this market. Only 3 per cent. of the lots were bought in and the sale totalled £102,114.

An emerald and diamond ring was bought by the London dealer Seymour for £9,000, on target, and Reiss, a Zurich buyer, paid £8,500 for a diamond ring with a diamond weighing 3.02 carats.

There were some exceptional prices paid for old and rare wines at a Sotheby's sale yesterday which realised £25,305. On the other hand, some good first growth clarets of more recent years were going for comparatively low prices while vintage ports of the 1950s have almost halved in price. Top price was the £420 paid for a double magnum of Chateau Lafite 1865. This pre-phylloxera wine had once belonged to Lord Rosebery and has quadrupled in value since its last appearance at Sotheby's in 1967.

However, that price was as expected. More surprising was the £46 paid for a bottle of Chateau Lafite 1880 (more than double the forecast) and the £76 for a bottle of Chateau d'Yquem 1921. All three wines were believed to have been sold for consumption rather than investment. The attraction for old bottles extended to cognac, with buyers, mainly European, paying almost £100 for certain bottles. Indeed, a bottle of 1811 Napoleon, Grande Reserve Cognac, was sold for £100.

GARDENS TO-DAY

The equal of Chelsea

BY ROBIN LANE FOX

THE MAIN news for most gardeners this week is that Chelsea Flower Show is with us again, in the Royal Hospital Gardens until Friday evening when some exhibits are offered for sale. The news must seem stale to those who garden far from London, so by way of correction I will turn to an equally remarkable show, now at its best at the other end of the country. For ten years I have been meaning to visit the Royal Botanic Garden in Edinburgh at its proper season. Its most famous features are its collection of alpine plants, rhododendrons and peat beds, built with natural blocks of peat. Because it is Scottish and botanical it has to have a mass of heathers too, although the result does nothing to alter my poor view of the family. In mid-May the other features coincide at their best. Their combination seems to me at least the equal of the Chelsea Show.

When the great collections of wild Chinese and Japanese plants were made between 1880 and 1920, it was the happiest of chances that the soil and climate in much of Scotland could give them a suitable home. Edinburgh's garden, especially by its support of the collector George Forrest, became the centre of the most exciting years in the history of British field botany. But the city climate is not itself well suited to high alpine flora. Soot disturbs the less obliging sorts of conifer; the sandy soil, low rainfall, late frosts and few hours of sunlight are not to the taste of many rhododendrons. The associated Younger Garden at Benmore in Argyll has been planted with the species which Edinburgh cannot accommodate. The Edinburgh garden offers the best of the others, with the advantage, to my mind, of fewer conifers and less massive rhododendrons.

On the rocks

The rock garden is the area most worth the study of a gardener with a small garden of his own. The mounds of rock are on a grade scale, to the embarrassment of the new guide book which excuses them as unsightly and uniform and remarks that junipers and tall shrubs are at least concealing the larger outcrops. They do not strike me in that way. The finest rock garden in the kingdom should also have the finest show of rock. Its scale is an interesting tribute to Edwardian taste. A climb round the garden's steep paths and winding tracks sets the mood for the sight of Himalayan primulas and allows a fine view of the city on its opposite mound. Our fashionable heather-gardens seem much uglier to me than our grandfathers' stately cross-sections of mountain rock.

A small garden, you might think, would have nothing to learn from this daunting display. But an alpine plant is a small plant, and Edinburgh's collection contains so much that is overlooked in ordinary garden plantings. There are some precious groups, of course, which could never be repeated by most of us. Last week the golden primrose of Sikkim, Primula Aureata, was showing flowers on the five plants derived from its original collection: there can be few more awesome rarities in British gardens, and the beautiful grey frosting of its leaves and deep yellow of its flowers make our own primroses look very common. The sight of this rarity fires one's own ambition more than the inflated Delphiniums at Chelsea, but there is also group upon group in the rest of the rock garden which could be managed by ordinary men without large rocks or six attendant gardeners.

Hybrid Hebe

Among the plants which most caught my notice was a wonderfully free-flowering hybrid Hebe called Fairfieldii which has spread among the larger rocks and showed spikes of pale lavender flowers to a height of three feet: I imagine it might not be fully hardy unless planted against a south wall. I have never seen it anywhere else, though it is far prettier than the Hebes with flowers like small bottle-brushes. Above all, there were the many plants with unusual grey green leaves, always a pleasure to the eye in a small garden which cannot give all its room to flowers with a short season.

When we look for a low edging or carpeting plant we usually do not look very far. There is aubrietia, phlox or the fat and indestructible Bergenia: these three dull plants have helped to bring rock gardening into disrepute. At Edinburgh there are frequent groups of the grey-green leaves of alpine Potentillas, not the shrubs which bear pale yellow flowers for such a long season, but the soft-stemmed mountain varieties such as Argyrophylla. This is not a difficult plant and it would go well at the front of any border: it has the merit of looking pretty in leaf and in flower, a red flower being carried from June to September. Its relations called Argentea and Valderia might not be quite so easy, but they are even neater. If you cannot recall the appearance of a Potentilla's leaf think of a narrowed strawberry leaf and in this case imagine it in silver-green. More distinguished than many coronets, I assure you, and easier to obtain.

Seldom seen

As a grey-green shrub to accompany this I would not look further than the handsome small Willows. I wish you liked these as much as I do, but they are seldom seen in gardens. Salix Repens Argentea spreads widely and stays as low as 18 inches, Salix Wehrhahnii (I mean it) will spread for 4 to 5 feet and reach a similar height, showing grey buds and the most lovely grey-yellow catkins. They are extremely easy. I suspect that one result of Edinburgh's sooty atmosphere is a welcome absence of dwarf conifers from much of the rock garden and the use of shrub willows instead. A planting of grey-green Potentilla, small willows and the alpine forms of sorrel, or Oxalis, whose grey-green leaves match the spring flowers of satin pink so elegantly, would be within the reach of any garden, however small and unfavoured.

There is one broader quality at Edinburgh, to be envied as much as admired. The garden is astonishingly well kept. Hardly a weed in the large acreage of rock garden, clear and unobtrusive labelling, freshly turned earth between neat clumps of young plants: those who fear that great collections decline under municipal control should consider the example of our botanical gardens. The neatest large herbaceous garden in the country now seems to me to be Crathes Castle, run by the National Trust near Aberdeen; among botanic gardens, Edinburgh is not surpassed. Perhaps, then, public ownership should not be given all the credit. That strange and respected element, the Scottish nature, may be making itself felt in the garden too.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.41 a.m. For Schools, Colleges. 12.25 p.m. The 60, 70, 80 Show. 12.55 News. 1.00 Pebble Mill. 1.45 Chigley. †3.58 Regional News (except London). 4.00 Play School. 4.25 Pixie and Dixie. 4.35 Jackanory. 4.50 Blue Peter. 5.15 Sam and the River. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 Dad's Army.
8.10 The Undersea World of Jacques Cousteau.
9.00 A Referendum Campaign Broadcast on behalf of Britain in Europe: Why you should vote YES.
9.10 News.
9.35 Play for To-day.
10.55 Midweek.
†11.38 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-y-Pant. 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.40-8.10 Blodeugerdd. 9.35-10.30 Referendwm (debate on the Referendum). 10.30-10.55 Look Stranger. †11.38 News.

Scotland—6.00-6.25 p.m. Reporting Scotland. 6.25-6.35 General Assembly. †6.35-6.45 Nationwide. †11.38 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 7.40-8.10 Spotlight. †11.38 Northern Ireland News Headlines.

England—6.00-6.45 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
5.00 Open University.
6.40 Model World.
†7.05 Open University.
7.30 Newsday.
7.55 Collector's Pieces.
8.10 Girls of Slender Means, part 3.
9.00 A Referendum Campaign Broadcast on behalf of the Britain in Europe Movement.
9.10 All in the Family.
9.35 Man Alive.
10.25 Gardeners' World.
10.50 News Extra.
11.10 Centre Play.
11.29 Closedown: Gabriel Woolf reads "The Downs" by Robert Bridges.

LONDON

9.30 a.m. Schools Programmes. 10.35 The 21st century. 11.00 Schools Programmes. 12.00 Hickory House. 12.15 p.m. Paperplay. 12.30 Making Things Fit. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.20 General Hospital. 2.50 Show Jumping from the Royal Windsor Horse Show. †4.25 Comedy Classics: Abbott and Costello in "Who Done It?"
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Born Free.
8.00 Love Thy Neighbour.
8.30 This Week.
9.00 EEC Referendum: broadcast by Britain in Europe.
9.10 Special Branch.
10.10 News.
10.40 A Place in Europe.
11.10 People and Politics: Michael Foot, MP, Edward Heath, MP. Is the Common Market a threat to the independence of this Country?
12.10 a.m. What the Papers Say.
12.20 Against the Odds.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 The Amazing Chan and the Chan Clan. 5.20 45. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 The Protectors. 11.10 Griff. 12.05 a.m. Christians in Action.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.25 Voyage to the Bottom of the Sea. 5.20 Rock On With 45. 6.00 ATV Today. 7.00 Barnaby Jones. 10.40 Gardening Today. 11.10 Checkmate. 11.40 What The Papers Say. 11.55 Ian Knox.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 4.25 Woobinda—Animal Doctor. 4.50 Junior Library. 5.05 Cartoon Time. 5.20 Rock On With 45. 6.00 Border News and Lookaround. 7.00 Movin On. 10.40 Gardening Today. 11.10 Maude. †11.40 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 Cowboy in Africa. 5.15 Anna and the King. 6.00 Channel News. 6.10 Skippy. 7.00 The Six Million Dollar Man. 9.0 Life in France. 10.40 Jason King. 11.00 The Collaborators. 11.55 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock On With 45. 6.00 Grampian News. 6.10 Love American Style. 7.00 Marcus Welby MD. 10.45 Gardening Today. 11.10 People and Politics. 12.10 a.m. Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 4.25 Tarzan. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Rock On With 45. 7.05 The Pathfinders. 10.40 Market Extra. 11.25 What The Papers Say. 11.45 Shannon's Mob.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 Around The World In Eighty Days. 4.50 Adventures in Rainbow Country. 5.20 Help! 5.25 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Husband of the Year. 10.40 Free Time on Europe. 11.25 Journey to the Unknown.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25 Miri Mawr. 4.35 Miri Mwy. 4.50 Shang A Lang. 6.00-6.15 Y Dydd. 10.40-11.25 Private Lives.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 4.25 Around the World in Eighty Days. 4.55 Arthur of the Britons. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 F Troop. 7.00 The Six Million Dollar Man. 10.40 Late Call. 10.45 New Faces.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.25 Around the World in Eighty Days. 4.50 The Beachcombers. 5.20 Dodo. 5.25 Crossroads. 6.00 Day By Day. 6.35 Survival. 7.00 The Six Million Dollar Man. 8.00 Shut That Door! 10.40 Late Thursday Film: "Corruption," starring Peter Cushing. 12.20 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.25 p.m. Where the Jobs Are. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock On With 45. 6.00 Today at Six. 7.00 The Six Million Dollar Man. 10.40 Maude. 11.10 Double Top. 11.45 Late News Extra. 12.00 The Four Spirits.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 4.25 Lost in Space. 5.20 Rock On With 45. 6.00 UTV Reports. 7.00 Six Million Dollar Man. 11.10 What's It All About?

WESTWARD

12.15 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Cowboy in Africa. 5.15 Anna and the King. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 10.40 Westward Report. 11.05 Westward Late News. 11.10 The Collaborators. 12.05 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Tarzan. 5.20 Rock On With 45. 6.00 Calendar. 7.00 Six Million Dollar Man. 10.40 Calendar Forum. 11.25 Barnaby Jones.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including this week's new Top 30 discs and 12.30 p.m. Newsbeat. 2.02 David Hamilton: (S) also on VHF. 5.00 Newsbeat. 5.15 John Peel with Top Gear. 7.00 As Radio 2 until 12.33 a.m. closedown.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Tony Brandon (S) with The Early Show including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoner's Walk. 11.30 Jimmy Young (S). 1.45 p.m. Referendum Campaign Broadcast on behalf of The National Referendum Campaign. Why should you vote "No?" 1.50 Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 7.02 Waggoners' Walk. 5.17 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 78 Show. 7.30 Cricket Scoreboard. 7.32 The Ivor Novello Awards (S). 8.02 Folk 75 (S). 8.30 Folkweave (S). 9.02 Take Your Partners in Radio 2 Ballroom (S). 10.02 Sports Desk. 10.05 Don Durbridge (S) with Music Through Midnight including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

‡Medium Wave only

7.00 a.m. News. 7.05 Overture: Mendelssohn, Tchaikovsky (S). 8.00 News. 8.05 Morning Concert: Mozart, Schumann, Beethoven (S). 9.00 News. 9.05 This Week's Composer: Dvorak (S). 9.55 Leeds Musical Festival 1974 (S). 11.20 Imogen Cooper piano recital: Haydn, Mozart (S). 12.10 p.m. Midday Concert part 1. Beethoven (S). 1.00 News. 1.05 Concert part 2: Prokofiev (S). 1.50 Messiaen: Catalogue D'oiseaux (S). 2.55 Music from Mongolia. 3.00 Scuola di Chiesa: part 1 (S). 4.25 Words . . . (talk by Robert Conquest). 4.30 Scuola di Chiesa part 2 (S). 5.25 Pied Piper (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study on 3. 7.30 Bruckner: Symphony No. 5, in B flat major (S). 8.50 The Sentimental Traveller. 9.10 Early Music Consort of London (S). 10.10 Religion and the Post-Industrial Society (talk). 10.30 Music for Clarinet and Piano (S). 11.05 Handel (S). 11.25 News.

Radio 3 VHF only—6.20-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day, including 6.50 and 7.50 VHF Regional news. 6.55 Weather, programme news. 7.00 News and more of To-day: 7.27 Sportsdesk. 7.35 To-day's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of To-day. 8.27 Sportsdesk. 8.35 To-day's Papers. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 Referendum Call. ‡10.00 News. ‡10.05 From Our Own Correspondent. 10.30 Daily Service. ‡10.45 Morning Story from Scotland. ‡11.0 News. ‡11.05 If You Think You've Got Problems . . . ! ‡11.50 Sir Geoffrey Jackson. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music! (S). ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. ‡2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack De Manio Precisely including 4.00-4.05 News. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News Desk. 7.30 Any Answers? 8.00 My Kind of Music. Johnny Morris plays some of his favourite records. 8.45 Analysis: On the National Health. 9.30 Kaleidoscope. 9.59 Weather. 10.0 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night: Radio 4's International Business Report: Market Trends. 11.15 To-day in Parliament. 11.30 News.

For Schools: VHF only—9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.03 Young in Mind. 4.03 Sound Out. 4.32 Home Run, including London News Desk at 5.00, 6.00. 7.00 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

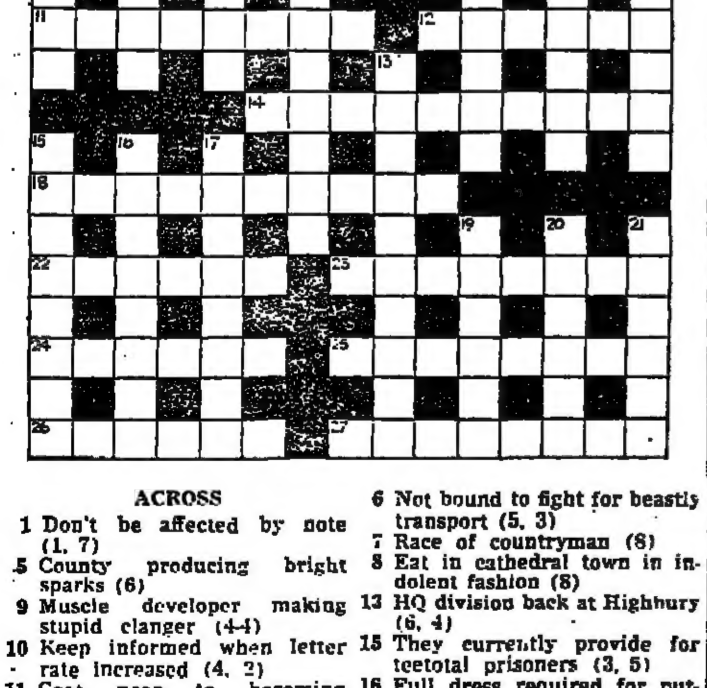
5.00 a.m. "A.M.": news, interviews, traffic and travel news, plus sport, with Douglas Cameron and Clive Roslin. 10.00 Open Line with George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo, devised by Andrew Carnegie. 9.00-1.05 a.m. Love in London.

Capital Radio

194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with music. Features, Advice and Swop-shop. 12.00 Cash on Delivery with Tommy Vance. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,784



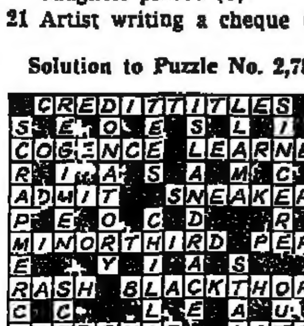
ACROSS

1 Don't be affected by note (1, 7)
5 County producing bright sparks (6)
9 Muscle developer making stupid clanger (4-4)
10 Keep informed when letter rate increased (4, 2)
11 Coot near to becoming crowned (8)
12 Leading man takes fashionable drug (6)
14 Fight at which no gate money is taken (4-3-3)
18 Land in genuine eastern country (4, 6)
22 Antics of cloakroom attendants? (6)
23 Blighter on his last legs (8)
24 Behold it express hesitation concerning loaf (6)
25 Church doctrine disturbing a clan now (5, 3)
26 Day anger turned to wit (6)
27 Criminal diver going in from edge of board (8)

DOWN

1 Garment for bloke on skating rink (6)
2 Think a lot of notice stuck on mud (6)
3 Can country-folk be so well-mannered? (6)
4 Always start with same letter for everybody to repeat (10)
6 Not bound to fight for beastly transport (5, 3)
7 Race of countryman (8)
8 Eat in cathedral town in indolent fashion (8)
13 HQ division back at Highbury (6, 4)
15 They currently provide for teetotal prisoners (3, 5)
16 Full dress required for putting on a brave face (3, 5)
17 Present acknowledgments of approval for Speaker (4, 4)
19 So life becomes distorted and threadlike . . . (6)
20 . . . during the time that daughter passed (6)
21 Artist writing a cheque (6)

Solution to Puzzle No. 2,783



Yvonne Arnaud, Guildford

The Formation Dancers

by B. A. YOUNG

What happens in Frank Marcus's delightful comedy—the temporary exchange of lovers, the temporary exchange of husbands—is neither more nor less probable than what happens in *Private Lives*. What gives *The Formation Dancers* its special quality is the truthful observation of its unusual characters and the sensitive delineation of their emotions.

This means that it must never be played deliberately for laughs. The characters are not only topical but realistic, and if we don't believe in what is happening to them the comedy will evaporate. In this production under Patrick Lau's direction the only character who fails—and that only marginally—to convince of her reality is Susan Penhaligon's Perdita. Perdita, though she has become a more frequent type in our student-ridden society to-day, was a novelty when she turned up in Mr. Marcus's play in 1964, an educated, intelligent girl indifferent to all the current standards of behaviour and judgment. Miss Penhaligon has her *almost* right; but I think she *overdoes* it. The clothes are too outrageous (and surely ought to be changed more often?), and the emotions too high-pitched for a girl so given to intellectual disengagement.

The other three characters seem to me exact. Gerald, the critical and domestic autocrat with a soft centre, is as topical now as he was a decade ago, and John Woodvine's combination of sentimental behaviour with severe mien is admirable. When, after showing Perdita his pictures, he returns with the line "It's interesting that you should find his work crappy" we see into the heart of all those ageing intellectuals who write pretentious notices about pop groups. Meanwhile Vilma Hollingbery as his wife Maggie maintains the standards of family propriety as best she can when half her life is spent in making allowances for her husband's weaknesses. At the fourth corner of the square is Richard Gale as Paul, the true romantic art dealer, the Don Juan of Cork Street, perhaps the most straightforward character of the lot, who at any rate never does anything out of character.

Patrick Lau's direction is brisk and understanding and Graham Brown's multiple set looks just right. Playing the 13 scenes without dropping the curtain has disadvantages as well as advantages, though; Maggie's used teacups remain untouched for days in Gerald's book-lined sitting-room and Paul not only never sells a picture in his gallery, he leaves the same pictures on the floor for days at a time.

The Entertainment Guide is on Page 29

Sadler's Wells Theatre

Gothenburg Ballet

by CLEMENT CRISP

The Gothenburg Ballet is five years old, the resident company of Sweden's largest sea-port, and its director and animator is Elsa-Marianne von Rosen, whom London has known as a ballerina and also as a most sensitive producer of Bournonville ballets. Bournonville will feature in the second of the company's programmes—a staging of *Napoli* is to be seen to-night — but for an initial offering the company showed us three of its modern works on Tuesday. I wish that I could report favourably upon the choreographic matter of the evening, but pleasure at seeing the troupe cannot persuade me that anything in this opening bill will bear much analysis however enthusiastic the performances.

Ulf Gadd is a Gothenburg-born choreographer, and his version of *The Miraculous Mandarin*, seen some years ago at The Place, lingers gratefully in the memory. But his resuscitation of a piece from the repertory of the *Ballets Suédois* of the 'twenties—*Maison des Fous*—is a very different matter. To a tepid score by Viking Dahl we are offered one of those asylum dramas in which innocence is always the loser. Dramatically, the piece is a non-starter; each member of a group of loonies has a variation; they are maltreated by some vicious and bloated nuns; finally a sane girl strays into the mad-house and is strangled for her pains by a doctor.

Of dramatic tension there is little evidence, and apart from some bold designing by Wolfgang Vollbard, the ballet and its performances look slack and mannered.

The succeeding *Trio* by Flemming Flindt is about a girl who teases and flirts with first one boy and then another. It does what it has to do efficiently, and Per Norgaard's percussion score is well-played by the appropriately named Björn Bang, but the minimal development of choreography and character hardly justifies the length of the piece.

I wish I could say that the closing *Pictures at an Exhibition* offered some culminating delight to the evening, but I found it the most insufferable item in the programme. Set to a crass brutalisation of part of Mussorgsky's piano suite by the pop group Emerson, Lake and Palmer—a fine example of the New Barbarism — it is an expressionistic view of Our Western Dilemma: Vietnam, True Love, Narcissism, a rock orgy and some Hippy-Hindu posturing are its ingredients, with Miss von Rosen, the choreographer, apparently setting herself up as the Maurice Béjart of Scandinavia. Like the Wizard of Brussels, she opts for messages rather than choreographic interest; the ballet sprawls and attitudinises and makes its points with leaden earnestness.

Among those involved, Lillemor Jonsson and Christer Holgerson are appealing as a couple in the section entitled "Virgin," and Charlotte Assarsson is a malign Baba Yaga; for the rest there is one lady whose costuming includes a 70 inch bust, and a good deal of intensity from all concerned.

Festival Hall

Mahler

Mahler's long, lop-sided Seventh Symphony formed the main body of Tuesday's Festival Hall concert by the Royal Philharmonic Orchestra, following Mozart's *Figaro* overture and the Schumann *Piano Concerto* with Moura Lympany. Lawrence Foster was the conductor.

The Seventh is not Mahler's most likeable symphony. A wonderful, wrestling opening movement; then an odd little trilogy, consisting of a weird animalistic Allegro, a peculiar scherzo, and an "amorous" Andante; and then a frankly dreadful finale full of rather silly fugato but redeeming itself only with a fiercely noisy ending, a-clatter with cowbells. It's a gigantic parody of many things, and from a conventional point of view, a shambolic symphony. Or it's just like a cheese and chutney sandwich, balancing two substantial outer layers with sweet, sharp and sour—except that Mahler obviously ran out of rye bread before finishing the compilation and threw in an inferior crust at the end. If only there were a powerful perhaps choral finale. . . .

And yet in a vivid performance, one can always savour the Seventh very happily. The trouble, on Tuesday, was that from the opening of the first movement, Foster and the RPO lacked the brute energy, the largeness of character, and the variety of detail to make the Seventh bang together forcibly. It was a square, solid, pedestrian performance rather than a technically poor one; but with such an awkward, demanding work the result is a nil score all the same.

GILLIAN WIDDICOMBE

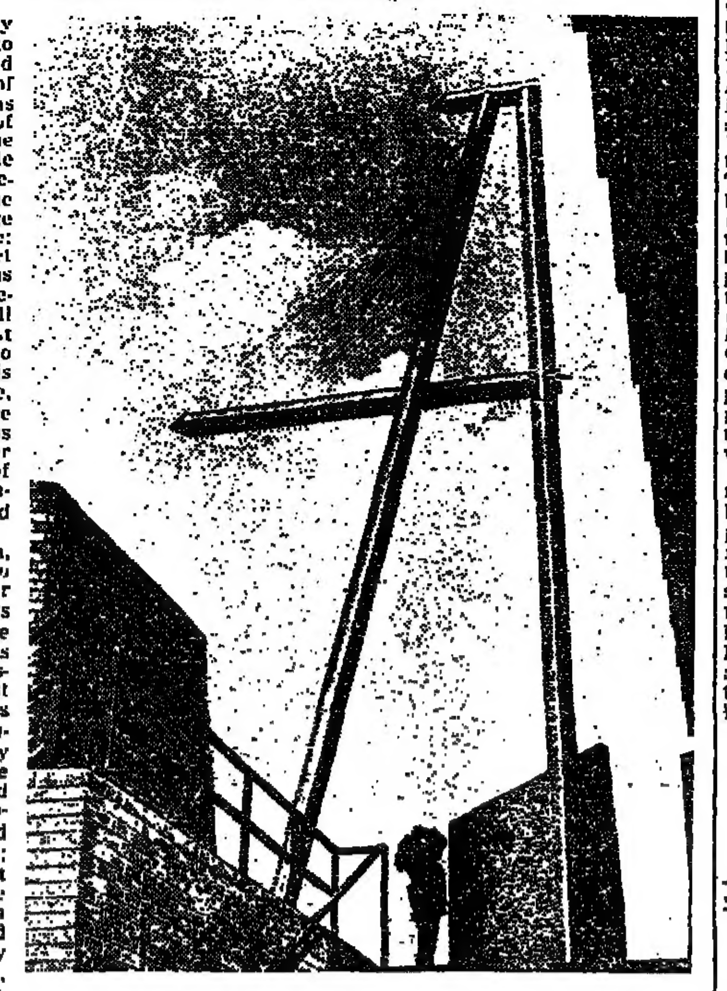
Redfern Gallery and King's Cross House

Recent sculpture

by WILLIAM PACKER

We have grown out of the way of expecting our sculptors to furnish our city squares and gardens; and that withdrawal of interest and expectation has coincided with the movement of modern sculpture away from the figurative and recognisable towards the abstract. The puzzlement of the ordinary man in the face of Modern Art is too large a subject to be dealt with here: but his sympathy, once lost, let alone his understanding, is proving all but impossible to recapture. There is blame on all sides, but the fact remains that any poor artist, who wishes to work in the public arena, is caught in a bitter cross-fire, between philistine indifference and modern orthodoxy. His colleagues feel he is no longer contributing to the advance of modernism, while the man-in-the-street joins in with abuse and wire-cutters.

A few brave souls fight on, however, and it is pleasant to record a small victory on their front. William Pye has always been prepared to take on the problems, logistic as well as aesthetic, that major commissions put upon him. His latest work stands before King's Cross House, a new and not particularly distinguished pile half-way up the hill towards Islington. The commission that Sterling Land laid before their architects, Chapman-Taylor Partners, included provision for a large sculpture; and this was taken into account from the start. The results have been a happy collaboration between artist, architect and client, that smoothed the lengthy process of the work's realisation, and a welcome addition to the city-scape.



William Pye: Untitled sculpture commissioned for King's Cross House, Pentonville Road

Pye's stainless-steel mast-like structure, some forty feet high, is held and defined by an elegant rigging of banks of wire, which anchor it to the narrow platform on which it stands, and bring the eye back, by degrees, through the space to the building itself. It is thus curiously insubstantial, despite its size, a complement to the mass of the building, and yet singular and large enough to establish its own physical presence. The yard-arm juts out, a finger pointing imperiously along the Euston Road, rather sinister an image.

But, no matter how successful such large enterprises may be, and this is admirably so, they do impose considerable inhibition upon the personal development of the artists they employ, upon the creative spiral of idea, experiment, realisation and new idea. Pye has felt this constraint and his show at the Redfern Gallery this month represents his attempt to deal with it. He declares: "I devised a very flexible way of working where I could make compositions directly on a human scale and where I could transform the image easily and quickly . . . I have treated the Redfern space as the environment for a total composition, comprising various separate entities which can be seen in isolation or as part of the whole."

The idea is good, and the attempt sincere. His conscientious approach to his craft, and his delight in making things, sometimes have headed him off from the pursuit of ideas, and their manifestation, into mere technical indulgence, in which means become ends, an elegant and almost convincing expediency. Flexibility and informality, therefore, are essential to him. If he is to continue as an artist, rather than as a consummate craftsman. This he appears tacitly to recognise.

Book Reviews on current works on wild life and the environment appear on Page 34

I saw this set of work in Pye's studio, during the early stages of its development, and found it both beautiful and exciting. It did indeed work as a total environment. The waves of steel, that he had constructed by the simple expedient of leaning metal rods at various angles to the wall, led one to another and back again around the room, across the form, up and down, in front and behind. It was casual and effective, showing an intuitive command of surface modelling and interior space.

At the Redfern, however, that excitement has gone. Each piece is as attractive and elegant as ever it was, but quite separate and self-sufficient, and now over-refined; not at all what Pye wanted. It is studio work transferred to the gallery, cut and dried and sewn up, all answers and no questions.

But, if the show is a failure, it is a brave one, from which a great deal of good can come. The openness of the work, and its temporary nature, are new and interesting qualities, at least for him, and he has more than enough skill and experience to explore them thoroughly. If he will allow himself a truly exploratory method, feeding his curiosity upon ambiguity and idea, resisting the impulse he feels to reduce everything immediately to the concrete and finite, he must achieve the distinction that he has promised for so long.

Dame Barbara Hepworth, here seen with one of her sculptures, died on Tuesday in a fire at her studio in St. Ives. She was 72. Dame Barbara was born in Wakefield and began her education in Wakefield and at the Leeds School of Art. Her mature abstract style, which developed in the 1930s, led to great international success, and her work is to be seen all over the world. There are examples at the Tate and the V. & A., and in New York at the United Nations building and in the Metropolitan Museum of Modern Art. She had a one-person show at the Venice Biennale in 1950.

Some of Rosemary Vercoe's costume designs for 'The Cunning Little Vixen' at Glyndebourne. Fox on the left, Cock on the right. 'The Cunning Little Vixen' opens on May 22

Changes at Glyndebourne

Mariana Niculescu has had to withdraw from the cast of *Eugene Onegin* at Glyndebourne as she is expecting a baby. Galia Yoncheva, who was to share the part of Tatyana, will now sing all the performances except those on June 4 and 10 which will be sung by Elizabeth Tippett.

Galia Yoncheva, from the Bulgarian Opera, Sofia, will be making her British debut. Elizabeth Tippett sang the role of Tatyana with Glyndebourne Touring Opera in 1971 and has recently sung it in Amsterdam.

The Bubble Theatre

The Bubble Theatre, under its new director, Peter Coe, will have a repertory of four plays for this summer's season. They will be *Cages*, based on stories of prisoners by Tony Parker; *Storytheatre*, a programme of folk tales mainly for children; *The Great Exhibition*, illustrating London life in the middle of last century; and *The Trial of Marie Stopes*, based on the verbatim transcript of the case.

The season opens on June 2 at Highbury Fields, Islington, and will then take in Lewisham, Sutton, Hammersmith, Camden, Ealing and Hillingdon, finishing at the end of August.

Schauspielhaus, Hamburg

The Wild Duck

by RONALD HOLLOWAY

Peter Zadek, the showman of German theatre, has of late taken to juggling the classics: last season it was Chekhov's *The Seagull* and Shakespeare's *King Lear*, the latter premièring in a Bochum movie theatre; this season he directed Ibsen's *The Wild Duck* (*Die Wildente*) at the Hamburg Schauspielhaus. The formula, according to a broad concept of "folk theatre" (*Volkstheater*), is nearly always the same: take a rather well-known play, stage it with few props on an open stage, pepper the text in a loose translation (German version of *The Wild Duck* by Zadek and Gottfried Greiffenhagen) with a number of inside jokes, and, if and where possible, have the audience play patty-cake with one or more of the actors. And it nearly always works.

The Wild Duck is obviously meant to be enjoyed. Zadek's bent for space allows for a complete view of the deep, cavernous stage in one of German theatre's largest houses (1,500 seats), back to the peeling on the rear walls and a garage-like, sliding safety-door. Hialmar Ekdal's photographer's studio is a barn instead of an attic, and the zany bunch of characters inhabiting these premises — from Old Ekdal off on a hunt in his animal kingdom to the burnt-out cases renting quarters to cut costs — have plenty of elbow room to cavort in the general direction of the story.

There is a moment when all are gathered at Hialmar's table to boost his ego, and Grandpa enters with his freshly killed and skinned rabbit, that *The Wild Duck* blends into a kissing cousin to Kaufman and Hart's 1939 comedy on American unconventionality, *You Can't Take It With You*. And the opening act at the home of the rich manufacturer, Werle, is set in the mythical kingdom of Xanadu in *Citizen Kane* with curling smoke at the feet and intimate family conversation reduced *to* ballroom echoes.

Some of the in-jokes: Hialmar wears a beard to match the photo of Ibsen in the programme, upon which he slobbers in the course of a meal; and Doctor Relling bears a conscious resemblance to a bald-headed television personality presently in the news, providing the actor with extra sauce for his plea for reform and liberation from idealism upon the death of Hedwig, the victimised daughter of Hialmar's naiveté. The good doctor spends part of one act seated in the front row of the audience, the same section which must squirm a bit when Hedwig points her gun in contemplating suicide. That, of course, takes place high over our heads on a belfry gangplank, which necessitates another hunting expedition to find her and bring her back downstairs to the scene of action. And this is not to mention the hanging bar before a door, against which our misguided idealist, Gregers Werle, thuds in making an entrance, only to stagger into a swinging gesture of our aggravated photographer a few minutes later and go down for the count again with a bloody nose . . . Well, the play does call for an attack on good will.

The point is, however, that the attack has no point unless the audience feels that the actor playing Hialmar (Ulrich Wildgruber) somehow identifies with his role and makes us feel for him. In this respect the socially oriented *The Wild Duck* at East Berlin's Volksbühne, directed by Manfred Karge and Matthias Langhoff, comes infinitely closer to Ibsen's intentions. The death of Hedwig reaches ironic, tragic proportions, as Hialmar arranges the whisp of a corpse on his studio couch — and takes her picture.

Bardology by B. A. YOUNG

Narrative and Dramatic Sources of Shakespeare: Vol. 8, Romances. Ed. Geoffrey Bullough. Routledge and Kegan Paul, £6.50. 423 pages
Shakespeare's Last Plays, A New Approach, Frances A. Yates. Routledge and Kegan Paul, £3.25. 140 pages
William Shakespeare, A Documentary Life, S. Schoenbaum. Clarendon Press, £12.00. 273 pages

The last volume of Professor Bullough's indispensable work of reference comes out by happy chance at the same time as Dr. Yates's new examination of the late plays of Shakespeare. Professor Bullough deals with *Cymbeline*, *The Winter's Tale* and *The Tempest*, and adds a long essay in general conclusion of the whole undertaking. He is not speculative; he gives us the certain sources, probable sources, possible sources and analogues, printing them in full, or in sufficient extract, so that the reader can make his own comparisons with Shakespeare's text. Foreign language sources are given in translation. Not only does this provide us with valuable information that saves a lot of research; it offers pleasures the average reader would probably never encounter unless he were a scholar. These eight volumes are as enjoyable as they are invaluable.

Dr. Yates is also concerned with *Cymbeline* and *The Tempest*, also with *Henry VIII*, which she accepts as wholly Shakespearian. (Professor Bullough, in his Volume 4, remains neutral.) Her argument ultimately arrived at is that the obsession with magic in the last plays—Cerimon in *Pericles*, Prospero, Paulina's pseudo-magical revival of Hermione in *The Winter's Tale*, even the magical songs in *Henry VIII*—is the consequence of Shakespeare's devotion to the Rosicrucian teachings. Further, that the Rosicrucian movement, which grew up simultaneously with the "archaising revival" of Tudor imperial feeling associated with the personality of Prince Henry, James I's short-lived eldest son, may even have had its origin in that revival, carried into Germany by Dr. Dee and by troupes of English players.

I sometimes wonder if scholars engaged in this kind of work overlook the simple in their pursuit of the complex. "Certain themes are common to the Last Plays," Dr. Yates writes. "The romances of the Last Plays are concerned with families, and with two generations within a family." *Pericles*, *Cymbeline*, *The Winter's Tale* and *The Tempest* are dated between 1609 and 1612. In 1607 Shakespeare's favourite daughter Susanna married John Hall, and their only child (Elizabeth, like the late Queen and the current King's daughter) was baptised in February 1608. Is it so odd that a doting grandfather (he bequeathed to Elizabeth all his plate save one piece for her Aunt Judith) should deck his plays with beautiful girl children like Marina and Perdita and Miranda?

Which brings me to Professor Schoenbaum's "documentary life," one of the most delightful books I have ever handled. It is a first-class biography of the poet, written with verve and wit and deep human understanding. But more than this, it is embellished with more than 200 reproductions of the documents from which the framework of Shakespeare's life as we know it has been assembled. They are as often as possible reproduced at the original size, fold-outs being used when they won't fit into the page (which measures 13½ inches by 10). Baconians and other eccentrics will find it hard to maintain in the face of this admirably assembled evidence that William Shakespeare of Stratford was not precisely the person we generally believe him to be; and when the "mythos" is unsupported by the evidence Professor Schoenbaum is the first person to say so.

I seriously believe that a copy of this book ought to be in every educated home.

SOCCER BY TREVOR BAILEY

England has a long way to go on this evidence

AFTER England's sterile performance against Northern Ireland last Saturday, Don Revie made five changes for last night's match with Wales at Wembley and the 2-2 draw did represent an improvement.

This move should be seen primarily as an experiment in finding the ideal combination for the European matches and ultimately the World Cup, rather than as an attempt to beat the Welshmen, who have enjoyed a very successful international season.

This does not mean that Revie would not like to see his team capture the home championship, but that is a secondary consideration. His prime objective is to discover the most effective combination, something far more difficult than simply to field the best 11 players.

Judging by this game, he has still a long way to go, though Little, with a big striker to feed off, is clearly a prospect and Johnson scored twice. Unfortunately, his midfield trio seldom clicked, while Watson and Gillard looked vulnerable at the back.

On this showing, Scotland must start favourites on Saturday.

The opening stages had little to recommend them and were rather reminiscent of two middle-of-the-table First Division sides, with Wales looking, perhaps fractionally the more cultured.

The best moment came when James slipped past Gillard, something he was to do frequently, but his centreing until after the interval lacked its usual precision.

England scored the first goal after 10 minutes and altered the entire pattern. The goal stemmed from a slick move which was originated by Todd and completed by Johnson heading into an empty net after a defender had deflected the original cross.

For the remainder of the half England were largely in control. Johnson might have made it two from a Viljoen centre and Davies did well to keep out a powerful drive from Thomas.

In general, the English defence had little trouble in smothering the occasional raid and the only genuine scoring chance for Wales came from a header by Toshack after a free kick.

Corner

After the interval, England continued to do more of the attacking and looked a shade faster. A Watson header from a corner went close, while Viljeon shot over the bar.

However, a typical piece of James individualism suddenly transformed the situation and brought fresh life to both Wales an dthe game.

The Burnley winger gained a corner after a fine dribble down the right wing. The first header was pushed out but Toshack was on hand to stab it back into the net from close in.

England replied to this setback with pressure which owed rather more to enthusiasm than skill, but Wales were then preented with another goal, when a long throw-in to the towering Toshack was misheaded by a defender to Griffiths—substituted for Smallman—who gratefully accepted.

Desperate

With 17 minutes left, Little was brought on for Channon and England sought desperately for the equaliser. Unfortunately, their efforts could not camouflage a shortage of class and co-ordination until a fine centre by the very promising Little was headed home by Johnson to make it 2—2.

This was probably the correct result to a match which though it produced an exciting second half, was never memorable.

For Wales, Mahoney and Flynn displayed skill in midfield, James was always menacing and Roberts held together a back division in which there were some chinks.

Adviser to Mrs. Hart resigns

MR. STUART HOLLAND, author of the original Labour Party proposal to nationalise 25 named companies, has resigned as an adviser to Mrs. Judith Hart, Minister for Overeas Development, to free himself to attack in public what he sees as a drift to the right in Government policy.

He accuses the Government of "gelding" the Industry Act by adopting a voluntary approach to nationalisation and planning agreements.

He says in a book, Strategy for Socialism (Spokesman Books, 95p), published yesterday, that it is essential for the Government to intervene in the policies of the "mainly multinational" companies which dominate investment and exporting.

Experience in France and other countries demonstrated that voluntary planning agreements had proved "mainly good public relations for big business, which appeared to be co-operating with the Government, while largely doing what it had anyway decided."

WORLD TRADE NEWS

Anglo-Cuban deals under negotiation

BY HUGH O'SHAUGHNESSY

PROSPECTS FOR Anglo-Cuban trade in the wake of the signature this week of an economic agreement and the announcement of a £250m. credit deal were among the topics discussed when Dr. Carlos Rafael Rodríguez, the Cuban First Deputy Prime Minister, called on Mr. Harold Wilson at Downing Street yesterday evening.

Meanwhile, other members of the Cuban ministerial delegation which arrived on Sunday visited Stone-Platt Industries, Preston, to discuss what could be one of the biggest export orders under the new agreement, the purchase by Cuba of a large textile plant valued at around £60m.

Among other possible orders expected to be discussed before the Cuban party leaves to-morrow is the expansion of the Cienfuegos fertiliser plant installed by Simon Carves at the cost of several tens of millions of pounds and the construction of two separate fertiliser plants. Both Simon Carves and Humphreys and Glasgow are reported to be interested in these orders.

GKN is engaged in talks on airport development, while Bookers and Tate and Lyle are pursuing sugar machinery and irrigation contracts.

Whitehall sources had little to add to Dr. Rodríguez's announcement about the Anglo-Cuban credit deal except to say that it was similar to the one reached with the Soviet Union by Mr. Wilson early this year. They pointed out that interest rates for export credits were at present being reviewed by members of the Berne Union. As one of the poorer developing countries, Cuba might well be offered the most concessionary rates.

British officials stress the senior level of the Cuban ministerial team as evidence of great Cuban interest in doing large-scale business with Britain. Both Spain, which has sold many fishing vessels to Cuba, and Japan, which has bought large quantities of Cuban sugar and had a $200m. trade deficit with Cuba, are seen as strong contenders for Cuban orders.

The impending action within the Organisation of American States to lift the trade embargo on Cuba could also bring much increased competition from the U.S. for Cuban orders.

● ECGD has guaranteed a £6m. National Westminster Bank loan to Banco Nacional de Cuba to help finance the £7.6m. purchase by Empresa Maritimo Portuaria de Importacion, Cuba, of U.K. tugs, dredges and associated floating plant. Seadrec, Paisley, is supplying the equipment, with Alluvial Dredges, a close associate, building two high technology gold dredges capable of non-stop operation and covering big yardages with a small labour requirement.

Frs. 1bn. contracts 'possible'

PARIS May 21.

FRENCH Foreign Trade Minister Norbert Segard told the Council of Ministers here that an agreement in principle had been reached to supply Cuba with a fertiliser complex that could result in Frs.1bn. (£104m.) worth of contracts for French companies.

A Ministry spokesman said Technip and Speichim were among the French companies involved in negotiating the project but said no details were available.

A Speichim spokesman confirmed his company is involved in the discussions but said nothing definite had been arranged. No comment from Technip was available.
Reuter

Forum to co-ordinate U.K. work on Iraqi projects

BY RICHARD JOHNS

THE BRITISH and Iraqi Governments have agreed to establish a joint committee on economic, industrial and technical co-operation which—according to the wish of the Baghdad regime—is to be the main entree for U.K. companies wishing to participate in the large projects planned for the Arab oil-producing state.

Formal agreement on creation of the bilateral forum is expected to be signed in the near future at Ministerial level, with Mr. Peter Shore, Secretary of State for Trade, putting his name on the British side of the accord.

At the same time the Department of Trade and Industry has issued a document entitled Economic Development in Iraq, designed to inform and stimulate U.K. business about the projects and opportunities in a market where Britain—once the leading supplier — has fallen behind France and Japan.

Even so, with the escalation in oil prices and Iraq's rapid rate of development, U.K. exports increased in absolute terms from £27.1m. in 1973 to £59.8m. in 1974. In the first quarter of this year they were £27m., compared with £11.2m. a year earlier.

U.K. trade suffered from political difficulties with the rupture late in 1971 of diplomatic relations, which were not restored until the summer of last year.

It appears that the Baathist Government does not want a large bilateral package deal. Rather, it would prefer that major deals should be channelled through the joint committee which will provide details of the kinds of projects and fields of economic activity where U.K. collaboration is either sought or possible. The DTI would have a major role in sounding out appropriate British companies.

Under Iraq's "roll-over" planning system whereby aims are revised annually the latest target published for the 1976-80 period is of the order of £7.5bn. Iraq recorded a surplus of $1.7bn. last year out of oil revenues estimated at $6.5bn. But there can be no doubt that the country—with its relatively greater absorptive capacity and better administrative cadres—has the ability to disburse more of its revenue than any other Arab oil producing nation.

Australian study in U.K., Ireland

By Kenneth Randall

CANBERRA, May 21.

AN AUSTRALIAN investment survey mission will spend three weeks in Britain and the Republic of Ireland from Saturday to assess prospects for increased direct Australian investment. It will comprise senior government officials and representatives of the Trade Development Council and Australian banks.

Mr. Frank Crean, Minister for Overseas Trade, said to-day that Britain and Ireland were logical starting points for a survey in depth of the scope for greater Australian investment in the EEC as a whole.

A Trade Development Council mission to the Community last year had emphasised in its report the opportunities for direct investment, especially in joint ventures.

Mr. Crean added that last year's mission took the view that many Australian companies had not examined the opportunities seriously enough, and it recommended that the government could be an important catalyst.

More than 130 Australian exporting companies will be exhibiting in eight overseas trade shows during June as part of the stepped-up export drive by the Department of Overseas Trade.

Over 70 will exhibit at the Australian trade display at Suva, Fiji, and there will be smaller representation at the Kenilworth Royal Agricultural Show in Britain; the Pacific Fine Foods Show at Los Angeles: Interhospital '75, Dusseldorf; the Paris Air Show; the Frozen Food Industry Equipment Exhibition, Tokyo; the 11th Beirut International Trade Fair and Ideal Homes Exhibition; and Svjaz 75—the international communications systems and equipment exhibition, Moscow.

The Australian Nomad STOL aircraft to be exhibited at Paris will go on to visit Mexico City and the capitals of Venezuela, Colombia, Ecuador, Peru, Bolivia and Argentina.

IN BRIEF

Double tax pact

Australia and Singapore will extend for a further five years a provision of their double taxation agreement ensuring that the latter's industrial investment incentives are not nullified by tax levied in Australia. The Australian Government allows credit to Australian residents for Singapore tax on interest and royalties arising in Singapore, although the tax is not collected by Singapore under the incentive scheme.

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BAC exports peak 63% of 1974 sales

By Michael Donne, Aerospace Correspondent

The British Aircraft Corporation achieved record exports of £173m. in 1974, representing 63 per cent. of total sales, which were also at a peak of £271.8m. BAC says it "wishes to call the attention of the advocates of nationalisation to these results, and to the present strength of the export order book.

"It (the company) fails to see how a transfer to public ownership is likely to improve the company's outstanding contribution to the national economy."

BAC points out that at the end of 1974, the order book stood at a record £815m., of which 74 per cent., or £604m., was for export.

As known, BAC's net profit for 1974 of £12m. compares with £5.87m. in 1973 and £3.75m. in 1972.

"Increasing profits have enabled BAC to improve and extend the employees pension scheme and, in conjunction with the strong forward workload, have made possible a substantial uplift in the level of capital investment in new plant and buildings.

"For the same reasons there has been an extension of financial commitments for the development of new and improved products, and for stock investment, which have helped to maintain a steady level of employment."

The directors give a warning that while the present level of orders will sustain a high level of activity over the next few years, they "view with concern the effect of the current high rate of cost inflation in relation to that of other supplier nations."

● The French Aircraft industry is apparently trying to recapture part of the Israeli market, says our Tel Aviv correspondent. This is the interpretation given to the fact that both Mr. Shimon Peres, Israeli Minister and architect of Franco-Israeli cooperation in the 1950's, together with the Chief of the Israeli Air Force, have been invited to the annual air show at Le Bourget next week. Israel Aircraft Industries is not displaying its "Kfir" fighter, which is similar in appearance to the French Mirage, but is showing the "Arava" executive jet, the Gabriel sea-to-sea missile and electronic equipment.

Arab-EEC talks may be postponed

CAIRO, May 21.

ARAB ECONOMIC experts are to form a committee to study a recent trade agreement between the EEC and Israel. There is a possibility the Arab-European dialogue may be postponed because of the agreement.

General Mahmoud Riad, the Arab League secretary, said the experts had called for clarification from the EEC before deciding whether the long-awaited dialogue should begin as scheduled on June 10 or that a recommendation for its postponement be submitted to the League Council for a decision.

"The Arabs want to know what impact the trade agreement could have on Israel's occupation of Arab lands," he stated.
UPI

World air cargo consortium formed

BY PETER HERING

AN INTERNATIONAL air freight consortium with pooled resources providing a world-wide door-to-door service for consignments shipped by air between any two points was launched yesterday in the U.K. and in 20 other countries as World Air Cargo Organisation (WACO). It was formed by leading air forwarders, whose combined resources create a group handling 1.2m. export and import shipments a year and representing annual revenue to the airlines of $86m.

The organisation introduces standard procedures for documentation, communications, accounting and remittance systems, sales and marketing techniques and handling processes for consolidations, unit load devices and containers. It also has its own standard tariff for carriage and other services.

Later, WACO will have its own world-wide computer network and a central clearing house through which all financial transactions between members will be conducted.

Mr. John Ambler, chairman of AtlasAir of the U.K. is chairman of WACO, and its U.K. member.

WACO has been incorporated as an association under Swiss law and has administrative headquarters in the U.K. Its members are bound by mutually agreed Articles of Association defining all aspects of co-operation and legal organisation for which the main authority is the WACO Conference which meets at six-monthly intervals in a different country.

Many of the forwarders in WACO are owned by major groups. AtlasAir is owned by Atlas Express Group; in South Africa Grindrod is owned by Union Shipping; Maynair in Australia is owned by the Mayne Nickless Group; and in the U.S. Transair is controlled by Arrow Lifschulz Freight Group.

Zambian import prices hit by port surcharge

BY OUR OWN CORRESPONDENT LUSAKA, May 21.

ZAMBIAN IMPORT prices will go up by 10 per cent. from May 26 following the announcement by the East African Conference lines that they will impose a 10 per cent. surcharge on all imports from Europe passing through the Tanzanian port of Dar es Salaam.

Conference officials here have said that the surharge, which was originally 30 per cent., was reduced last February to 10 per cent. at a result of improved handling facilities and a speedier turn around of vessels.

The officials attribute the present bottleneck to an increased number of ships waiting to be unloaded because of continued unseasonal rains. Another reason for the deteriorating port situation is that more goods for Zambia are now passing through Dar es Salaam as a result of Zambian cargo being re-routed away from Lobito and Beira.

The Zambian Government is studying the implications before issuing an official statement. Dr. Safelino Mulenga, Minister of Power, Transport and Works, has given a warning that the surcharges frequently imposed on imports and exports by neighbouring countries were likely to cripple Zambian economy.

Dr. Mulenga stated that neighbouring countries were taking advantage of the geographical position of Zambia and were turning it into economic fortunes for themselves.

"Our friends should also consider that although we are a landlocked country we provide them with business which benefits their economies," he declared.

Guyana may get more U.K. aid for rural development

BY OUR OWN CORRESPONDENT GEORGETOWN, May 21.

BRITISH AID to Guyana since independence in 1966 has passed the £20m. mark, according to an announcement here. The money has been provided in the form of grants and loans, mostly for improving sea defences and harbour facilities, education, agriculture and electric power.

The University of Guyana received £500,000 to develop the campus at Turkeyen and to equip the faculties of education and technology. About £3m. was allocated for sea defences at the mouth of the Demerara river, and another £8m. for the British part of the scheme to expand the electricity supply.

The announcement coincides with a visit here by Mr. Frank Dunnill, the assistant secretary at the Ministry of Overseas Development in charge of aid to the Caribbean. While Mr. Dunnill is here he is looking at various projects using British aid, as well as holding talks with the Government on increased British aid in the field of rural development.

Guyana has asked the British Government to conduct feasibility studies of two major agricultural expansion projects involving some 60,000 acres of land and costing several million dollars. No word of the nature of the expansion has yet been given except that the projects will be located on the Corentyne coast and in the North West district. The studies will take six months and if the projects prove satisfactory the British Government is expected to provide substantial assistance.

Contracts Abroad

ALWATECH, a Norwegian company specialising in anti-pollution equipment, has what is claimed as the first contract to supply a seawater cleansing plant for an offshore oil platform. The plant will process 2,000 cubic metres of sea water per hour, recovering for re-use an estimated 4,000 tons of crude oil per year which would otherwise have added to the North Sea pollution load. Costing Kr.3m. (£264,000), it is to be installed on the Condeep production platform in Norway's Statfiord Field.

AMERICAN NEWS

Ford may impose further $2-a-barrel oil import tax

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 21.

WITH THE U.S. now in danger of becoming the only Western country to increase its oil imports significantly this year, President Ford is considering drastic action to cut its dependence on foreign energy by imposing a further tax of $2 a barrel on imported oil.

This became clear to-day, as the President met with top energy advisors after the Democratic majority in the Congress had failed yet again to come up with an alternative plan to conserve energy and reduce America's growing reliance on imported oil.

Within the White House, there are many who also see this as an opportunity for another display of Presidential "leadership." following the successful recovery of the Mayaguez and now that the Congress has again showed itself incapable of taking unpopular decisions.

Yesterday, the Democratic leaders abandoned their efforts to produce an alternative energy conservation Bill of their own by the Memorial Day recess at the end of this week. Immediately White House sources indicated that President Ford would probably fill the gap by pressing ahead with his own plans to tax imports.

In February, the President imposed the first $1 of a $3-a-barrel import tax which is intended to cut American imports by 1m. barrels a day by the end of this year, in line with the undertakings given to the other member countries of the International Energy Agency as part of the general Western conservation effort.

However, the President has twice postponed introducing the second and third dollars of the new tax in order to allow a Congress—worried by the impact on the economy—time to come up with a better idea. At the same time, Congress has overruled his efforts to end all price controls on domestic crude.

Only yesterday, President Ford crossed swords with Congress on another aspect of his energy policy by vetoing a strip mining Bill, which he felt would hamper the development of new coal deposits. But to-day, the Bill's supporters postponed an attempt to override the veto until next month through lack of support.

There is little doubt that drastic action is needed to conserve energy in the U.S., if America is to live up to its international commitments and reduce its vulnerability to another Arab embargo. Despite the recession, oil imports are rising again and seem likely to reach some 6.7m. barrels a day by the end of this year.

Meanwhile, the Secretariat of the International Energy Agency in Paris, has circulated some preliminary calculations to member Governments which suggest that Western imports and consumption of oil will decline this year as against 1973 levels, except in the U.S.

Leaving out America, total consumption in the other 12 member countries which have drawn up conservation plans so far, seems likely to reach 853.6m. tons of oil this year, compared with 894m. tons in 1973. If Canada as well as the U.S. is excluded, imports will be 756.7m. tons, as against 793.8m. tons two years ago.

NY union leaders reject cutbacks

By Jay Palmer

NEW YORK, May 21.

NEW YORK CITY staggered closer to the brink of financial insolvency this morning following the decision, late last night, by leaders of the powerful municipal unions to reject, out of hand, a suggestion that city employees go on a four-day work week.

Insisting that "We will accept no other sacrifices than we have already made," union leaders also rejected Mayor Beame's alternative plan that city workers forgo a 6 per cent. salary increase due next July.

The Mayor's two alternative proposals, put forward at an hour long meeting with union bosses yesterday, are the most dramatic so far suggested in the administration's fight to eliminate a prospective 1975-76 city budget deficit of $641m.

In addition to this longer-term problem, the city faces a much more immediate crisis in its continuing failure to raise over $1bn. to redeme maturing debt and meet city payrolls over the next six weeks. A recent appeal to President Ford for federal aid was rejected and, to date, urgent discussions with leading bankers have failed to produce a solution.

Rejecting the Mayor's proposed labour cutbacks, union leaders once again blamed the large New York City banks for the current crisis. Pointing out that the banks have given nothing by way of lower interest rates on debt, union chiefs named First National City Bank — usually a leader in the city's debt servicing — as "Number One enemy." A boycott of the bank by city employees was called.

Given the unions normal resistance to cutbacks and layoffs, many are already insisting that Mayor Beame's proposals were no more than a political gesture. Advisers to the Mayor's Office admitted that the short-work week had very little chance of being accepted and that the suggestion merely serves to impress the financial community with the city's willingness to take draconian measures to cure its deficit.

With most of the traditional cures now impossible, it is generally acknowledged that the banks offer the final avenue of rescue. While it seems certain that they will wish to protect existing city investments by helping, it is generally assumed that they will levy a high price in terms of layoffs, cutbacks and other unpopular measures.

Food prices push up U.S. retail index

BY ADRIAN DICKS

WASHINGTON, May 21.

U.S. RETAIL prices moved upwards by 0.6 per cent. during April, in an apparent check to the steady deceleration they had previously shown since last September. Nonetheless, over the past three months the annual rate of increase stood at a relatively satisfactory 5.8 per cent., compared to a year-to-year increase last month of 10.2 per cent.

The food sector, where prices rose 0.4 per cent. last month, appeared to be the most important single factor in pushing the consumer price index upwards, just as it has also been the most influential element in the slowdown of the index since last autumn.

Meat, poultry and fish prices all rose during April, helping to bring the overall food price index up sharply. A further steep decline in sugar prices apparently was not great enough to offset increases in other areas. Further increases in pork and beef prices, in particular, are widely anticipated later this year in the wake of sharp increases on futures markets. These projections have led the Department of Agriculture to predict an overall increase of 6-8 per cent. for all food prices this year.

The April prices increase, in common with other current indicators of the American economy, seem to defy any attempt to determine how far the recession may yet have touched bottom, or how far it is already giving way to the forces of recovery. Yesterday's revised first quarter Gross National Product figures showed a greater decline, at 11.3 per cent., than had been previously believed, while corporate profits fell a sharp 22.3 per cent.

On the other side of the balance-sheet, however, the official revised inflation rate as measured by the GNP deflator was 8.5 per cent. during the quarter compared to the preliminary estimate of 8 per cent., indicating a more stubborn problem of inflationary pressure than official economists had been hoping. The April price figures appear to bear this impression out further.

Bolivia demands that Gulf chief comes for trial

BY JAY PALMER

NEW YORK, May 21.

THE BOLIVIAN Government will "resort to all possible means" in its efforts to get Mr. Robert Dorsey, Chairman of Gulf Oil, to testify in a local court about the oil company's alleged bribery of local officials. Yesterday Bolivian police were reported to have Gulf's local representative under house arrest.

Ordering the American chairman to come to Bolivia to stand trial on criminal charges, the District Attorney of La Paz said that Mr. Dorsey's innocence or guilt would be determined on the basis of his testimony. If found guilty, a spokesman insisted, Mr. Dorsey would be jailed for a period of up to and possibly over 10 years.

The Bolivian Government's thinly-veiled threats follow testimony by Mr. Dorsey, before a Congressional committee last week, that Gulf gave a total of $460,000 to Bolivian politicians in the 1960s. About $100,000 of the sum went to buy Bolivia's former President the helicopter in which he was later killed when it crashed.

A Gulf spokesman in Pittsburg this morning said that the company and Mr. Dorsey had not yet received any official summons to appear before any court. He confirmed, however, that the company's local representative, a Bolivian citizen, was under arrest.

The company declined to speculate on whether or not Mr. Dorsey would be willing to personally face a Bolivian court. The spokesman confirmed that in the event of a failure of diplomatic peace overtures, Mr. Dorsey's failure to appear would almost certainly result in Bolivia refusing to pay the remaining $50m. it owes the company following expropriation of its assets six years ago.

Games will go ahead, says Mayor

LAUSANNE, May 21.

MAYOR JEAN DRAPEAU of Montreal said here to-day there was now no reason why the Olympic Games could not be held in the Canadian city as scheduled next year.

Speaking to reporters as the International Olympic Committee (IOC) began work on its 76th session, which must approve reports on games planning and progress in Montreal, Mayor Drapeau said: "I can assure you that the installations for the Games will be there."

Mr. Drapeau and Mr. Roger Rousseau, president of the Canadian Organising Committee, are to report to the IOC later. Reuter

LAND REFORM IN HONDURAS

More than bananas

BY ALAN RIDING, RECENTLY IN TEGUCIGALPA

AFTER HURRICANE Fifi had devastated Honduras' banana plantations and killed more than 5,000 people last September, I visited a refugee camp near San Pedro Sula where a Cuban relief unit had set up an emergency hospital. A few patients had broken limbs or bruised faces, but most of those queuing up were children with thin arms and swollen bellies. More than 90 per cent. of all Hondurans under the age of five suffer from malnutrition. Hurricane Fifi drew passing attention to a permanent problem. But now that the emergency food supplies and medical teams have gone, the peasants of Honduras have slumped back to their bare subsistence farming and the struggle to stay alive.

Honduras is an agricultural country: 67 per cent. of its 2.8m. inhabitants are rural dwellers and bananas, coffee, timber, meat, beans, corn and sugar account for 71 per cent. of its exports. The social condition of the population and the economic state of the country are therefore equally tied to agriculture. Yet, for decades, agriculture has been ignored by the tiny political and military groups that have held power in the mountain capital of Tegucigalpa.

The decision of the military regime that seized power on April 22 to give priority attention to agrarian reform is therefore more important here than it might be in almost any other Latin American country. The dominating group of progressive young Lieutenant - Colonels, which has promised to bring economic development and social justice to the country, has concluded that no such transformation is possible without a fundamental agrarian reform. The reasoning is simple: because industry and commerce are so insignificant, there is almost nothing else to reform.

The most obvious problem in the countryside involves peasants who own tiny plots, known as *minifundios*, or no land at all. They are the poorest because they must either depend on occasional jobs at harvest-time or live off the corn and beans on their own land. They also make up that 40 per cent. of the population whose annual *per capita* income is about $30. But there are also a limited number of large farms, known as *latifundios*. For example, 74.5 per cent. of the rural population owns only 12.4 per cent. of the cultivable land, and 0.3 per cent. — 667 families in all — own 27.4 per cent. of the land. These parallel problems of concentration and dispersion of land ownership are aggravated by the fact that, while the *minifundios* are farmed to the point of exhaustion, the *latifundios* are only partially cultivated. In other words, productivity is low in both cases.

The twin aims of the agrarian reform are therefore to increase agricultural production and productivity and to increase the incomes of the rural inhabitants. To achieve this, the Government hopes to create land holdings of an economically-viable size by breaking up *latifundios* and joining together *minifundios*. The guiding principle is that uncultivated lands are subject to expropriation. Compensation will be paid in Agrarian Bonds of dubious attractiveness. The maximum holding of cultivated irrigated land will be 214 acres. There are qualifying details—owners have a grace period in which to double the area of cultivation, while maximum permitted holdings in arid mountain areas will be of 3,210 acres—but the main purpose of the reform is to place as much as possible of the 22 per cent. of Honduran territory that is cultivable into active production. Lieut-Colonel Mario Maldonado, Director of the National Agrarian Institute, told me that 1,300,000 acres should be distributed to 120,000 families in the next five years with total investment to exceed $75m.

But Honduras hopes to avoid the mistake of Mexico where the land reform programme merely enabled peasants to starve on their own land instead of some-one else's estate. In other words, the peasants will be given land, but they will also be given the credit, machinery, fertiliser, and advice necessary to make their land productive. In addition, rural families will be formed into peasant settlements or *asentamientos campesinos* to ensure not only basic services, such as electricity and running water, but to enable land to be exploited cooperatively. In a country with few highways and even fewer access roads, distribution will become particularly important once peasants are taught to farm for the market, as well as for their own consumption. All this will take money and time as well as political drive: the Inter-American Development Bank and the U.S. Agency for International Development have granted loans totalling $31.2m. to finance the programme, while the military Government has declared that it will remain in power as long as is necessary to carry out the agrarian reform—"five to ten years," one young officer suggested.

In the long run, however, the prospects for the agrarian reform are limited by Honduras' crushing poverty and its dependence on fiscal revenues flowing from the two large American banana companies, United Brands (formerly United Fruit) and Standard Fruit. For example, the Agrarian Reform Law specifically excludes the cultivated lands of the banana companies—where they also grow citrus fruit, pineapples and African palm-trees—from expropriation for the sound reason that the Government would not be able to manage them efficiently and could not afford to suffer any reduction in its banana income. In fact, if the companies were expropriated, not only would banana production probably fall, but the American outlets for Honduras' Chiquita bananas might also be closed.

That 63 per cent. of the companies' 300,000-acre holdings which is not under cultivation, however, will gradually be subjected to the land reform, particularly since some of the most fertile lands in the country are involved. Ironically, though, the first 41,000-acre holding to be expropriated from Standard Fruit, at Isletas on the north coast, involves land of low quality which the company decided did not justify the expense of replanting following Hurricane Fifi. Standard Fruit's decision led to the discharge of about 1,400 workers.

But Honduras's position *vis-a-vis* the banada companies remains weak because they hold the trump card of being able to pull out at any moment and leave the country helpless. After Hurricane Fifi, for example, the suggestion was floated that the companies would prefer to allow Hondurans to grow the bananas while they would merely transport and distribute them, a lucrative arrangement similar to one already made with Ecuador. But Honduras obviously lacked the $100m. or so necessary to repair installations and re-plant fields following Fifi.

The new agrarian reform must, therefore, be a pragmatic attempt to balance the country's dependence on the banana companies with its need to alleviate social conditions and tensions among the peasantry by distributing land and increasing food production. Even these limited objectives will be difficult to realise, but the country's young military rulers feel that they have no alternative but to try if Honduras is not to remain indefinitely the poorest country on the entire American continent.

Portuguese Socialists to boycott cabinet meetings

BY JANE BERGEROL

LISBON, May 21.

AS THE editorial team of Republica brought out a second roneod edition of their newspaper—which continues closed by order of the Armed Forces Minister of information—Socialist Party Leader Dr. Mario Soares and his Minister of Justice Dr. Salgado Zenha decided to boycott all cabinet meetings until the newspaper is allowed back into print under its editor Raul Rego.

The Socialists' decision, reached after meetings last night and again this morning, falls short of actual resignation from the fourth coalition Government, but virtually amounts to it by withdrawing both Socialist ministers from the Cabinet.

It has set the cat among the military pigeons, and the supreme council of the revolution has been meeting all day, while at the Information Ministry the Press Council, charged with arbitration on Press matters, has met behind locked doors since early this morning.

Copies of Republica's Monday pirate edition, put out by the rebel workers' co-ordinating committee, are still on sale. More difficult to obtain are the Roneod special editions being put out by the editorial staff. Yesterday's affirmed on the front page: "A small minority of Republica workers have tried to muffle the voice which Fascism never succeeded in gagging. It was not for this that we made April 25."

A Socialist protest rally will take place to-morrow evening while Dr. Soares will hold a Press conference to-morrow. This afternoon the Republica Board of directors was due to place the case before the law courts though there is still no indication of when the trial can be expected. Until there is a legal decision on the case, the paper has been shut down. Commander Correia Jesuino, just back from an extensive tour of the U.S. and particularly the American news media, has not commented further on the case beyond his communique yesterday condemning the affair as "yet another example of divisive partisan manoeuvres."

The affair comes at a crisis point in Portuguese politics, when the Armed Forces hawks are known actively to be considering an end to the fourth coalition Government which has proved in its short life span of just two months to be as unworkable as the previous three coalitions.

The hawks are faced with two alternatives: an all military government which might be justified to the Portuguese people as a government of national emergency given the grave economic situation, or a reshuffle in which more military might be brought in, but party leaders taken out, leaving a mixture of civilian politicians of more malleable type, and non-aligned civilians such as already fill many of the lesser government posts. The latter, mainly former extreme left politicians who have gone independent, could find themselves catapulted into higher ministerial posts, since they have proved loyal to the armed forces over the past eight weeks and have an impressive array of academic credentials—more than the military can muster—as well as a degree of experience.

The Armed Forces Movement is likely however to want to put off the crisis until some military leaders currently abroad can return. The absent include the Foreign Minister Major Melo Antunes, and roving ambassador Major Vitor Alves, both of whom are considered favourable to the Socialist Party.

Kissinger reaffirms Berlin commitment

BY LESLIE COLITT

BERLIN, May 21

U.S. SECRETARY of State Henry Kissinger has reaffirmed Washington's commitments to Berlin, speaking in the centre of American presence in Europe.

His remarks made during a brief visit here were intended to remove any doubts over America's European engagement after the U.S. withdrawals from SE Asia. Dr. Kisinger repeatedly said that the U.S. would stand by the city it regards as the "acid test" of detente. "Only if you are secure will Europe be secure" he told a session of the West Berlin City parliament.

On the four-power Berlin agreement of 1971, whose results he praised, Dr. Kissinger said that the West would not relax in its efforts to ensure the "strict implementation" of the accord. This is seen as a reply to recent Soviet objections to Bonn's representation abroad of West Berlin's interests. He avoided any reference to Moscow's latest contest of Western allied rights and responsibilities in all of Berlin, including East Berlin. The Soviet Union is now claiming such western rights never existed in the East German capital.

In Bonn a surprise meeting took place the previous evening between Dr. Kissinger and Portugal's Foreign Minister, Dr. Melo Antunes. This first high-ranking get-together of the two sides since the military Government came to power in Lisbon was the resut of the mediation of West Germany's Foreign Minister, Hans-Dietrich Genscher. Herr Genscher is said to have told the Americans that it was in the best interests of NATO to work with the moderate forces in Portugal and not to isolate them.

Reuter adds: Before leaving for Ankara Dr. Kissinger lunched with West Berlin Mayor Klaus Schuetz at the Schloss Charlottenburg.

Mayor Schuetz, thanking Dr. Kissinger for his renewed pledge of American solidarity, said no one in West Berlin doubted the guarantees of the protecting powers.

"The U.S. commitment. . . is as unequivocal as ever to us in Berlin: without the United States of America, without Great Britain and France, we should not be free citizens in a democratic community," he said.

Earlier in the morning Dr. Kissinger met Chancellor Helmut Schmidt in Bonn, discussing European security, energy, economics and next week's NATO summit in Brussels.

Giscard backs reconvening of Paris energy talks

BY ROBERT MAUTHNER

PARIS, May 21.

M. GISCARD d'Estaing, the French President, said to-day that France considered that the conference between oil producers, consumers and developing nations, which broke down early last month, could "usefully" be reconvened before the end of the summer or, at the latest, in the autumn.

The President, who was addressing more than 200 French journalists and foreign correspondents, whom he had invited to lunch at the Elysée Palace to mark the first anniversary of his election, said that the preparatory conference had merely been "interrupted."

Skirting round the problems which had been responsible for the disagreement—the U.S. and its International Energy Agency IEA partners wanted only oil and oil-related questions to be examined while the Algerians and their allies insisted on the inclusion of all raw materials on the agenda—M. Giscard said that France was currently holding bilateral consultations to see when the dialogue could be resumed.

The President, who had talks with the Shah of Iran here yesterday, said that Iran, Venezuela, Saudi Arabia and Japan had made clear that they were in favour of such a resumption. He will be having talks on the same subject with Dr. Henry Kissinger, the U.S. Secretary of State, next week, when the latter will be in Paris for IEA and OECD Ministerial meetings.

The view in Paris is that, now the U.S. is taking a more conciliatory line on the whole raw materials problem—Dr. Kissinger recently put forward his own plan for dealing with it—the deadlock between the two sides can be broken. It is even felt here that another preparatory conference may not prove necessary and that, given the agreements or near agreements reached in April, such as the number of participants in the plenary conference, a full conference could possibly be called without any further preliminaries apart from bilateral contacts.

Turning to European problems M. Giscard d'Estaing denied suggestions by the French Communist Party leader, M. Georges Marchais, that a secret agreement had been reached between France and West Germany to resuscitate the European Defence Community and to station French Pluton tactical nuclear missiles in West Germany.

No conversations had been held between France and Germany on the stationing of these missiles in West Germany, M. Giscard said, although he recognised that the fact that they were based in Eastern France itself posed a problem for the Germans, since West Germany was within the missiles' range

Giles Merritt adds: Following the Shah of Iran's surprise statement yesterday that he expects to see a resumption before September of the preparatory consumer-producer oil talks that deadlocked in Paris last month, it now appears that official contacts between the OPEC producers' consortium and the U.S inspired International Energ Agency representing 18 cor sumer nations may soon b sought.

Although contact between th two organisations has to dat been limited to those that too place late last year at purel "technical" level," informe sources close to the IEA no suggest that official dialogu between the two is to be th subject of serious discussion next week's Paris meeting of th governing board of IEA.

Due to convene here for i first meeting at Ministerial lev since the Agency was founde last November, the IEA goveri ing body is expected to giv serious consideration to the que tion of making fresh official co tacts with OPEC. The IEA source here have also stressed that i formal "voices" of membe countries of the Agency hav already indicated their willin nes to establish a more positiv relationship between the tw organisations.

But while it seems possibl that next week's twin meetin of the IEA governing body an the OECD Ministerial Counc may lead to some form of ne detente between producers an consumers, it is more probabl that no steps will be announce immediately after next week meetings because of the fort coming June 9 OPEC meeting i Libreville, Gabon. The co sumer nations will almost ce tainly wish to await the full e tent of any producers' oil pric rise before committing then selves to new line.

ACP unhappy over Lomé pact

BY ROBIN REEVES

BRUSSELS, May 21

THE ATMOSPHERE of political goodwill generated by the Lomé convention negotiations between the European Community and 46 African, Caribbean and Pacific (ACP) countries, many of them Commonwealth members, is in danger of turning sour.

Following recent meetings here between representatives of the European Commission, EEC member Governments and the ACP states to discuss implementing the convention, ACP representatives are reported to be somewhat shaken and disturbed at the strictly legalistic, essentially negative, attitude being adopted by the Brussels Commission.

The Lomé Convention has been loudly heralded as a breakthrough in trade, aid and co-operation arrangements between the developed and developing world. It gives the 46 ACP countries duty-free access to the EEC for all industrial goods and most agricultural products. In addition it provides development aid, for industrial and financial co-operation, and a fund for off-setting the adverse effects of commodity price fluctuations on the ACP's foreign exchange earnings.

The ACP's regard as the lynchpin of the whole Convention the institutional arrangements for joint consultation on all aspects of implementing and running the agreement. This, they feel, makes all the difference between a partnership and an old-fashioned neo-colonialist association agreement.

The ACP's increasingly bitter complaint is that the Commission, in all joint meetings so far, has chosen to interpret consultation as merely providing scanty information on a take-it-or-leave-it basis. The ACP feel frustrated to the point where some are Community is trying to back-track on some of the more worthwhile concessions in the Convention.

For the other side, Commission sources admit that the atmosphere is bad but they tend to blame this on the ACP for not pinning the Community down firmly enough in the negotiations leading up to the conclusion of the Convention; but others are unrepentent and accuse the ACP group of calling meetings unnecessarily.

Legally speaking, the Commission may be within its rights. The present consultation procedures are part of the interim arrangements agreed by exchange of letters pending ratification of the Convention. Under these, it was agreed that the Community and the ACP would implement the trade effects of the Convention unilaterally from July 1.

On the EEC side this means a stream of customs regulations granting the ACP States duty-free access for all industrial goods and most agricultural products. On the ACP side, it means removing its tariff discrimination as between Britain and the Eight as from July.

Baader trial delayed for week after wrangling

BY JONATHAN CARR

BONN, May 21

THE BAADER-Meinhof trial of alleged terrorists—which has been nearly three years in preparation—opened in a fortress-like building near Stuttgart to-day, and was promptly adjourned until next week amid legal wrangling. The expected massive public interest in the first day of the proceedings hardly materialised.

The reason for the delay involves the exclusion of three lawyers chosen for his defence by Andreas Baader, 32, one of the four alleged ringleaders of the group on trial.

The three are barred from taking part under a law permitting such exclusion when lawyers are under urgent suspicion of misusing the sessions they have been holding with their client. The defence now argues that while the three are barred from representing Baader, they can appear for the others on trial, Ulrike Meinhof, Jan-Carl Raspe and Gudrun Ensslin. The court is to reconvene on May 30 when it is hoped the matter can be clarified.

The four face more than 350 pages of charges including involvement in murder, robbery and arson. Their trial has received such advance coverage and the building in which it takes place has been so heavily fortified against possible terrorist attack, that a considerable crowd was expected to be on the scene for the opening.

In the event, some 140 spectators turned up in addition to more than 80 journalists, ready to undergo the rigorous searches needed before entry is granted to the court room.

Only two incidents of note were reported. In one, a driver blinded by the sunrise early this morning knocked over a police barrier near the building. In another, police helicopters drove away a small private plane whose occupants apparently wished to take photos.

Nato talks on rationalisation

BY ROBIN REEVES

BRUSSELS, May 21.

THE FIRST of a series of high-level Natio meetings culminating in next week's summit of the alliance, attended by President Ford, opens here to-morrow when Nato Defence Ministers begin two days of discussions.

Main items on the agenda include adoption of new "ministerial guidance" setting out the principles and aims of Nato defence policy for the future, approval of studies on a new air-borne early warning control system, and the perennial problems of rationalisation and standardisation of arms, defence equipment and procurement within the alliance.

The major political problems of the alliance, mainly Greece, Turkey and Cyprus, Portugal's future intentions, and Spain's pressure to join Nato, are not expected to loom large until next week's meeting of political leaders. But the Defence Ministers will be called upon to discuss and suggest solutions to the weakened state of the southern flank of the alliance.

The U.S. Senate's vote in favour of resuming arms sales to Turkey is viewed as a step in the right direction, but there remains the continuing question mark over Greece's future role in Nato's military structure.

The ministerial guidance is normally updated every two years and looks forward to the next seven years. But on this occasion, the review attempts to look at defence needs beyond 1982.

Besides providing a planning basis for Nato commanders in the field, it also contains what is hoped will be accepted as guidelines by national defence authorities, the basic message of which is that an adequat defence requires countries lik the U.K. not to slide too fa with defence expenditure cuts.

Permeating the whole document are the lessons of th Middle East war. While Nato defence planners emphasis that this has not resulted in new defence strategy, they mak the point, for example, that th enormous attrition of militar equipment in the conflict ha shown Nato's stocks policy to be totally inadequate.

Defence Ministers are expected to give the go-ahead for studies on an airborne early warning control system with a view to taking a decision next year. It basically consists of an aircraft-mounted radar system which can see deep into enemy territories and relay a continuous picture to the ground. Britain has a contender in its Nimrod aircraft but even U.K. officials appear to accept that the £1.7bn. system will be supplied by the U.S.

U.K. ECONOMIC INDICATORS

General	Unit	1975 Apr.	1975 Mar.	1975 Feb.	1974 Apr.	1974 Mar.
Unfilled vac'n's¶	'000s	173.4	178.0	180.6	399.0	352.3
Unemploymt.¶ a	'000s	899.6	768.4	737.1	646.8	590.1
Currency resrvs.	$bn.	7.132	7.117	7.064	6.956	6.444
Bank advances b	£bn.	14.770	14.877	15.024	13.986	13.918
Manfd. prods. d	1970=100	182.0	179.0	175.9	146.3	142.4
		Mar.	Feb.	Jan.	Mar.	Feb.
Trms. of trade e	1970=100	78.4	78.3	77.2	72.9	74.1
Wage rates	July'72=100	166.8	160.6	158.7	125.7	124.0
Retail prices ...	Jan.'74=100	124.3	121.9	119.9	102.6	101.7
Basic mater'ls d	1970=100	223.0	221.8	218.8	213.1	215.1
HP debt¶ e ...	£bn.	2.265	2.284	2.303	2.378	2.398
Indust. output**	1970=100	104.6	105.5	105.2	103.7	103.1
Rtl. sales val.**	1971=100	166.3	166.7	165.8	138.2	136.8
Trade and Industry		1975 Apr.	1975 Mar.	1975 Apr.	1974 Apr.	1974 Jan.-Apr.
Comm. vehicles*	'000s	32.3	31.8	29.3	31.8	30.3
Cars*	'000s	108	105	113.1	115.3	125.8
Imports f.o.b.**	£bn.	165.5	165.8	172.4	166.2	158.3
Exports f.o.b.**	£bn.	136.6	154.0	148.1	125.5	115.6
Visible trade balance	£bn.	−0.289	−0.118	−0.243	−0.407	−0.426
		Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
Steel (weekly average)*	'000 tonnes	494.4	504.7	484.7	419.9	412.7
Bricks*	millions	381.0	396.0	395.6	508.0	433.6
Cement (weekly average)*	'000 tonnes	338	312	310	383	310
Houses cmpltd.§	'000s	23.0	22.1	22.4	26.6	22.7
Man-made... fibres*	m. kgs.	44.33	42.65	42.24	62.10	58.01
		Feb.	Jan.	Jan.-Feb.	Feb.	Jan.-Feb.
Hosiery*	1970=100	89.9	80.3	85.0	98	94.5
TV sets†‡	'000s	230	254	242	264	289
Radios, radio-grams‡‡‖	'000s	301	402	251	574	511
Petroleum†	m. tonnes	7.23	8.33	7.78	8.05	8.43
Furniture** ...	1970=100	156	151	153	130	129
Raw cotton§ (wkly. average)	'000 metric tonnes	2.13	1.83	1.98	2.07	1.87
		1975 Jan.	1974 Dec.	1974 Jan.	1974 Jan.-Dec.	1973 Jan.-Dec.
Engin. (orders on hand)** ...	1970=100	128.0	130.0	131.0	135.3	116.7
Elec. cookers† f	'000s	80.2	75.0	63.4	72.0	86.0
Washg. mchns.†	'000s	83.9	55.7	71.6	68.9	98.3
Raw wool§	m. kilos	8.9	7.7	8.7	9.4	10.4
		1974 Dec.	1974 Nov.	1974 Jan.-Dec.	1973 Dec.	1973 Jan.-Dec.
Machine tools†	£m.	19.7	26.1	20.5	16.1	17.7
		1975 1st qtr.	1974 4th qtr.	1974 1st qtr.	1974 Year	1973 Year
Consumer spending	£bn. 1970 values	9.125	9.010	8.346	35.607	35.759
		1974 4th qtr.	1974 3rd qtr.	1974 Year	1973 4th qtr.	1973 Year
Motor trade turnover	1967=100	209	216	207	175	192
Bldg. and civil engineering* ...	£bn.	2.623	2.667	10.220	2.372	8.984

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Great Britain, not seasonally adjusted. ** Seasonally adjusted. †† All manufacturing industries. ‖ Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. a Figures revised November, 1972, earlier figures adjusted. b Constituent changed January, 1973, to refer only to U.K. residents' sterling. c Revised May, 1973. d Prices. e From January, 1974, figures were calculated on 1961 base series linked to December, 1973. From October, 1974, onwards all 1974 figures and 1973 figures back to July have been revised and fully rebased to continue on a full 1970 base. f Including cooker griller toasters.

THE SWEDISH ECONOMY

Borrowing out of trouble

BY WILLIAM DULFORCE, STOCKHOLM CORRESPONDENT

SWEDEN OVERTOOK the U.S. as the country with the world's highest labour costs last year. After a recent centrally negotiated wages agreement, which will raise companies' expenditure on wages and social security contributions by some 35 per cent. during the next two years, Sweden can be expected to maintain that position. This year the country will experience its biggest-ever payments deficit — S.Kr. 5.5bn. (£608m.) by the Finance Minister's reckoning, but, according to the Federation of Industry, more likely to be around S.Kr. 7.5bn.

For most countries as dependent on exporting as Sweden is, this combination of inflationary wage increases and swiftly widening trade gap would set off domestic alarm signals and attract anxious glances from abroad. Far from being alarmed, the Swedes are rather sanguine about the development of their economy and their credit rating is high enough to enable them to go on the biggest foreign borrowing spree they have ever known. Their optimism is based on some recent luck, but stems chiefly from an economic strategy, in which with small differences of opinion the Government, industry, and the unions all concur. The Swedish social democrats have so far always appreciated that industry has to be kept healthy, vigorous and competitive, if the high level of expenditure demanded by a welfare state is to be met.

The Swedish strategy is to cover the payments deficit in the short term by borrowing heavily abroad and to stimulate investment — in production stocks, efficiency-increasing capital outlays, and even in expansion abroad—in order to place industry in a position to take advantage of an upturn in the international business cycle in 1976. The element of luck arises from the timing of Sweden's own business cycle: the economy was just coming out of recession, when the oil crisis hit at the end of 1973, and the investments made in the early 1970s, combined with the boom in the market for forestry products, gave Swedish companies substantial turnover and profit growths in 1973 and 1974.

Nearly all companies forecast lower profits and a slackening of demand this year but, in comparison with most of their European competitors, their liquidity is good. They have been promised some form of Government help if needed to produce for stocks this year, and substantial releases from blocked investment funds. Swedish companies not only have a good defensive posture, but quite a few of them are in a strong, offensive position, able to exploit the weakness of less fortunate companies. The takeover of Sheffield Twist Drill and Steel by SKF, the Swedish rolling bearing group, is not likely to be the only instance of Swedish expansion abroad this year.

Opinions do diverge about the development of the domestic economy this year. One of the avowed aims of the budget was to maintain near full employment, but the Federation of Industry believes that the level of employment will decline in the second half of the year, unless the Finance Minister, Mr. Gunnar Strang, introduces more expansionary measures. The Federation forecasts a 1.5 per cent. growth of GNP and a 2.2 per cent. rise of private consumption this year, compared with Mr. Strang's estimates of, respectively, 2.2 per cent. and 4 per cent. The Federation has called for a temporary, intensive stimulation of domestic demand, principally by VAT reductions, to be replaced by more restrictive, anti-inflationary measures by the end of the first quarter of 1976 at the latest. The argument is basically about the effect of the high wage settlement, which the employers believe will not increase real incomes this year, and about when and how to stimulate domestic demand which both Government and industry believe will be required.

> The Swedish strategy is to cover the payments deficit by borrowing heavily abroad . . . . The element of luck arises from the turning of Sweden's own business cycle.

The Swede's economic confidence is not completely undiluted. Mr. Strang's optimistic budget statements undoubtedly had a psychological, morale-maintaining purpose, aimed at Sweden's growing band of foreign creditors as much as at the domestic audience, and there is concern about the high wage settlement and the foreign borrowing, which at its present level is an entirely new phenomenon in the Swedish economy. The Government tried hard by tax reductions and moral pressure to persuade the unions and employers to agree on moderate wage increases for 1975 and 1976 but the result—income rises, including tax relief, of 23 per cent. in the first year and 18 per cent. in the second year—was certainly higher than it had hoped for. Employers are worried about the effect on export prices, especially when the West Germans have agreed on considerably lower rates of wage increase.

After the rise of oil prices had started the plunge from a solid surplus into a growing payments deficit last year, the Riksbank eased regulations in an attempt to persuade private industry and local authorities to raise foreign loans. This sudden reversal of long-standing policy obtained a sluggish response initially, but Swedish foreign borrowing in the last six months, it is now estimated, has passed the S.Kr.4bn. mark and cannot be far short of S.Kr.5bn. This includes, according to one estimate, roughly S.Kr.1.5bn. in public issues and S.Kr.1.5bn. in private placements. The state-owned Investment Bank has been in the market and the Riksbank itself is understood to have negotiated a $200m. credit with an Arab country, but the bulk of the loans have been raised for private companies and local authorities.

Borrowing has successfully protected the currency reserves, but in both the Government and the Riksbank the question has recently been raised, whether the operation is getting out of hand. The Finance Minister has emphasised that foreign loans are only a stopgap, until the export industry can close the trade gap. In his revised budget he released some S.Kr.7bn. from blocked investment funds to enable industry to get on with the job. Some fear is being expressed about the exchange rate risks that companies may incur by their foreign borrowing and the fact that some recent Swedish bond issues have been noted below their issue prices.

Anxiety on these points seems to be over-sensitive—and would be scoffed at in neighbouring Denmark which has existed for years with a far higher level of foreign debt—but the combination of growing trade deficit with a relatively inflationary wage settlement has set off speculation about the need for a devaluation in the longer term. Such speculation is likely to continue until it becomes clear whether Swedish expectations of an improvement on their export markets, and in particular in Western Europe, at least during the first half of 1976, prove to be correct. However skilful their management, the fate of the Swedish economy during the second half of the decade cannot be divorced from that of the world economy.

The increase in foreign borrowing is linked with another variation in traditional Swedish company practice, which has been accelerated by the inflation and the recession. Major Swedish companies have usually preferred to maintain a high ratio of own capital to total capital employed, but Veckans Affaerer, the Stockholm weekly economic magazine, recently calculated that the ratio of borrowed to own capital in Swedish manufacturing industry had risen from 53.8 per cent. in 1961 to 72.5 per cent. last year. Opinion is divided on whether a limit has been reached, but there has been a spate of new equity issues on the Stockholm bourse this year and more than one managing director has underlined in his annual report the necessity of continued high profits.

This message is addressed primarily to the Social Democrat Government and the unions. It is likely to be listened to. Mr. Strang, who has been Finance Minister for 20 years, has developed to something of an art the ability to extract high living standards and social benefits from Swedish industry while keeping it highly competitive on world markets. Under a Socialist government the companies enjoy depreciation regulations which are among the most liberal in the industrialised world, and a tax system which both encourages investment and is flexible enough to give a swift extra incentive to investment during a period of recession.

Typical of Mr. Strang's methods was the introduction last year, in response to union demands that be curb "excess profits," of a state investment fund, into which the companies were compelled to pay 20 per cent. of their pre-tax profit. The funds could only be reclaimed at the Government's discretion and for investments approved by the Government. Now, less than a year later, Mr. Strang is releasing these blocked funds, on which the companies have escaped tax, for investments which will maintain employment and reinforce industry's export potential. An equally pragmatic answer can be expected to the waxing union pressure for greater worker participation, in particular for profit-sharing, and for more say for the workers in companies' financial affairs.

If the Swedes have reason to be confident in their ability to cope with the present depression and to be ready to exploit the international upturn, it is due as much to their political stability as to their economic planning and management. However intensive their domestic debates may sometimes be, industry, Government, and unions can usually achieve an undogmatic consensus on basic economic and social aims and in most cases can find together a sensible reaction to the situations forced on them by international economic fluctuations.

Britain wants Greece to return to alliance

BY OUR OWN CORRESPONDENT

ATHENS, May 21.

BRITAIN PLACES the greatest importance on the return of Greece to NATO's integrated Greece structure and this will be discussed at a meeting between Prime Minister Harold Wilson and Greek Premier Constantine Karamanlis during the NATO summit conference in Brussels next week.

Authoritative sources said that the British view was expressed to Greek Foreign Miinster Demetrios Bitsios during a 90-minute meeting he had to-day with Mr. Roy Hattersley, Minister of State in the Foreign Office.

Mr. Hattersley, who paid a one-day visit to Athens on his way to the Cento meeting in Ankara, discussed subjects of mutual concern, mainly the Cyprus issue and NATO matters.

Sources said that the two sides agreed that the intercommunal talks remained the best procedure for the solution of the Cyprus problem and express the hope that the second sta of these talks in Vienna ear next month will make so progress.

Mr. Hattersley is understo to have informed Mr. Bitsi that Britain is not in favour any initiative for an internation conference on the Cyprus iss unless a genuine degree of su cess was guaranteed. In t British view, it was in the eco omic and military interests Turkey to try to come to so agreement with Greece ov Cyprus sooner or later.

The sources said that M Hattersley assured Mr. Bitsios British support for Greece's fu membership of the EEC. Bo sides agreed, however, th Greece faced formidable tec nical and economic problem especially concerning the ha monisation of its agricultur policy to that of the EEC.

Students take over U.S. compound in Laos protests

VIENTIANE, May 21.

STUDENTS TO-DAY occupied U.S. aid installations here and were in virtual control of the southern town of Savannakhet pressing their demands for closure of the aid mission and a speedy withdrawal of American officials from Laos.

The Americans accused them of looting and ransacking U.S. offices, while Chargé d'Affaires Christian Chapman called on Prime Minister Souvanna Phouma and his pro-Communist Pathet-Lao Foreign Minister, Phoumi Vongvichit, to lodge a verbal protest.

He was told the situation "will be resolved." Meanwhile a top-level Government team left for Savannakhet to try to negotiate the release of a dozen U.S. aid officials and dependents, under virtual house arrest since student demonstrations began a week ago.

The students slipped into two separate U.S. installations in Vientiane shortly before midnight last night. By this morning elements of the joint Vientiane and Pathet Lao military protective forces were controlling access to the town's main American residential compound.

A U.S. Embassy Press statement said it was seriously concerned over "the complete lack of police protection" at the compound, where it alleged joint police force men had done nothing to protect the property. The demonstrators had looted and caused "considerable damage." One eye-witness said he saw demonstrators drinking U.S. beer and eating canned food, while another said "they seemed to be wild about cookies."

Two U.S. marine guards in the compound when it was taken over, are still there but not thought to be in danger. Joint protection forces guarding the entrance to the residential compound, housing about 40 American families, appeared to have no hard-and-fast system. Some people were stopped from getting in, others from coming out.

Meanwhile, Pathet Lao forces have entered Savannakhet, the last key stronghold of the Laotian Rightists. The pro-Communist battalions rumbled into this dusty Mekong River town yesterday in tanks garlanded with flowers. Most of the town's 50,000 people were out to greet them. Some cheered wildly, but most merely applauded politely or stayed silent.

The triumphal entry was organised by students who have virtually taken over the town, occupying administration buildings and confining a handful of U.S. aid officials and their families to their homes.

Reuter

Merchants' strike hits Beirut as fighting dies down

BY IHSAN HIJAZI

BEIRUT, May 21.

A TWO-DAY general strike called by merchants here was only fifty per cent. effective as the fighting between Palestinian guerillas and Right-wing members of the Phalangist Party died down to-day.

In the overnight exchange of fire in the suburb of Dikwaneh, in which rockets and mortar shells were used, six people were killed and about 50 wounded. Each side blamed the other for starting the shooting.

The Merchant's Association called for the strike to register its anger with lack of law and order and to serve a warning on the authorities that stronger security measures were needed to protect the business community. The industrialists and the bankers, however, did not go along with the strike.

President Suleiman Franjieh to-day began consultations with the ninety-nine members of the Lebanese Parliament to choose a successor to outgoing Premier Rashid Al Solh. The consultations are expected to continue until tomorrow evening, when Mr. Franjieh would be expected to nominate a Premier-designate.

UPI adds: As word of the fighting spread, the capital shut down yesterday. Frightened Beirutis, still jittery from the previous clashes, locked themselves inside their homes, leaving the streets deserted. Lebanese security forces in armoured cars and battle dress manned roadblock positions around Dikwaneh but refrained from interfering in the fighting.

THE CENTO PACT MEETING IN ANKARA

The art of survival

BY METIN MUNIR, ANKARA CORRESPONDENT

JOKES ABOUND about the supposedly imminent decline and fall of Cento, the Central Treaty Organisation, the military alliance between Britain, Turkey, Iran and Pakistan, with the U.S. as associate member.

Cento, it is said, like old soldiers, never dies but only fades away. Cento has lost its flesh and blood and is around only because none of the members has sufficient energy to dispose of the skeleton. No doubt, the jokes will be trotted out again to mark the meeting of the pact's Ministerial Council in Ankara on May 22-23.

Yet, as the pact enters its third decade this year, it can boast several achievements. Cento countries have not been attacked by the Soviet Union, a danger against which they allied themselves, though it is debatable whether the pact can claim the credit. Second, Cento has served as a club in which good and lasting relations flourished between the regional partners. Last, despite all-round gloomy predictions, Cento has managed to remain in one piece. None of these are earth-shattering accomplishments.

The idea of establishing a military and political alliance in the Middle East came from London and Washington in the 1950s and the initiative to realise it was taken at their urging by Turkey. The aim was to contain any Soviet aggression. Egypt's refusal to participate in such an alliance killed the effort in the bud.

Next an effort was made to seal off the Middle East from potential Soviet threat by uniting Nato and Seato through an alliance of countries south of the Soviet Union. The Baghdad Pact Treaty Organisation, Cento's forerunner, came about as a result of this in 1955, embracing Britain, Turkey, Iraq, Iran, and Pakistan. Egypt and India remained aloof. Three years after its inception Cento lost a member and gained half an ally. Iraq withdrew following a bloody coup during which King Feisal was overthrown and killed. A year later the pact headquarters were shifted to Ankara and the U.S. became an Associate Member of the alliance which began calling itself Cento. Although not a signatory to the treaty, the U.S. has fully supported and actively participated in all the work of Cento.

Because London and Washington had no desire to transform Cento into a little Nato there never was any attempt made to integrate the forces of the allies or put them under joint command. The supreme body of the alliance is the Council of Ministers which meets once a year and is generally attended by foreign ministers. It directs the work of the organisation and serves as a forum of consultation on political, economic and military matters. The Secretary-General, currently Mr. Haluk Bayulken of Turkey, a former Foreign Minister, conducts the day-to-day affairs of the alliance.

Cento has military plans for defence against the Soviet Union and military exercises are held every year. The alliance also has economic projects in the member countries. They are mainly financed by the U.S. and Britain, and concentrate on improving communications in more than 3,000 miles of country from Istanbul to Islamabad by establishing or improving road and rail links and telecommunications.

Turkey, Iran, and Pakistan joined because they were promised supports by the western allies against possible Soviet aggression. This threat never materialised, but individual members were beset by local conflicts which eventually led Turkey and Pakistan into wars and Iran to frequent skirmishes with Iraq. Pakistan fought with India, losing half of its domain and U.S. arms aid. After long years of crisis Turkey invaded Cyprus, coming close to war with Greece and also lost American military aid.

One by one members came to be disappointed in Cento because the alliance did not give them the support they expected in these local problems. This disappointment weakened and nearly caused the dispersal of the alliance in the 1960s. Pakistan announced that it was considering quitting; the Shah said that Cento was nothing more than a club where political, economic and military matters were discussed, yet both countries continued to remain members partly because of Turkish insistence. Obsessed with the idea of a Soviet threat, Turkey believed that the pact was useful.

This year's Ministerial Council will be attended by Dr. Henry Kissinger of the U.S., and for Britain by Mr. Roy Hattersley, Minister of State at the Foreign Office. Nothing dramatic is expected to come out of the meeting. Dr. Kissinger is expected to underline American support for the alliance in view of the latest developments in South East Asia. He is also expected to discuss the U.S. arms embargo and the strained relations between Turkey, the U.S. and Greece resulting from the Cyprus conflict and the Greek withdrawal from Nato.

Many political observers will take the opportunity to repeat that Cento is on the verge of demise. But a close scrutiny reveals that the alliance is stronger than it was in the 1960s. Pakistan, which has withdrawn from Seato, has decided to stay on in Cento. The Shah is no longer referring to the organisations as a club of toothless old men. It was probably the loss of East Pakistan which induced Pakistan to give more importance to its alliance with its western neighbours, and Iran may have been impressed by the withdrawal of Britain from the Gulf. Also the three regional members appear to have given up expecting any direct support from Cento for their local problems and have begun to see it, like Britain and the U.S. as a pact against attack from outside. Cento will therefore continue existing for whatever it is worth and will not be broken up.

Saigon's rulers admit violent resistance from 'old regime'

SAIGON, May 21.

THE NEW South Vietnamese authorities disclosed to-day they were meeting some violent resistance from elements loyal to the old regime.

This "obstinate small minority attached to the old regime" was assassinating soldiers, circulating subversive propaganda, and looting private homes, an announcement said.

According to unconfirmed reports about a dozen soldiers of the Provisional Revolutionary Government have been killed and six or seven have gone missing since the pro-Communist authorities took over three weeks ago.

The Government announcement, on the front page of the newspaper Giai Phong, urged the people of Saigon to help curb the rebelliousness.

"Every citizen has the right and the responsibility to hunt down these obstinate elements and punish them vigorously," the announcement said.

The newspaper said that a "peoples rising in the Gia Dinh area" of Saigon had achieved the arrest of a former South Vietnamese army officer who, it said, was responsible for several murders and many acts of looting since the war ended.

Saigon's new rulers are striving to restore law and order. A gun battle between a gang of thugs and "liberation police" erupted in the centre of Saigon yesterday. Most of these law breakers are believed to be apolitical. The authorities refer to them as "cowboys." Many are said to be jobless ex-soldiers of the old Saigon army who are roaming the country in large numbers. Others are thought to be hardened criminals set free by the Communist-led forces who threw open all jails when they took Saigon.

The authorities are also striving to reorganise everyday life. They have started free rice distributions to the needy, with each person entitled to two kilos a week on presentation of a list of members of his family.

The handouts—not aimed at entirely supporting families but at augmenting their rations—are greatly appreciated by a people who have not been paid for nearly a month.

The slow reorganisation of the banking system is still keeping banks closed and cash is short. But the authorities have caught up with the taxation system and some foreign companies have received their first tax demands.

Reuter

Terrorists kill two U.S. officers in Tehran

TEHRAN, May 21.

Two U.S. Army officers, working as advisers to the Iranian army and constabulary, were ambushed and shot to death to-day by a squad of terrorists, the U.S. Embassy said.

A U.S. Embassy official said "Communist terrorists" were believed responsible for the "premeditated assassination."

The officers were identified as Col. Paul Shaffer and Lt.-Col. Jack Turner.

An anonymous telephone caller said the "Organisation of the Crusaders of the Iranian Nation," which is an outlawed Marxist group, was responsible for the killings.

An Embassy statement said three cars closed in as Turner and Shaffer were being driven to work from their homes in northern Tehran.

The gunmen came out of their cars, ordered the officers' Iranian driver to lie down on the car floor and emptied their small arms into Turner and Shaffer, the statement said. The assailants escaped in one car.

"There is no doubt it was a premeditated assassination by professional murderers," the Embassy official said.

The Government has ordered an investigation, the statement said.

Agencies

Hanoi mission in Bangkok

BANGKOK, May 21.

NORTH VIETNAM'S Deputy Foreign Minister, Mr. Phan Hien, flew here to-night saying the time was ripe for forging diplomatic relations between Hanoi and Bangkok — provided Thailand adopted what he called the right attitudes.

"In our view of the present situation, conditions are favourable for negotiations to normalise relations between the Democratic Republic of Vietnam and Thailand," Mr. Phan said.

However, Mr. Phan's statement emphasised the struggle of South-East Asian people "for a U.S. withdrawal from their countries" and praised the week-end efforts of student demonstrators in Bangkok to force a withdrawal by July 4 of the 27,000 U.S. military personnel in Thailand.

The Thai Government has set a March, 1976, deadline, but Prime Minister Kukrit Pramoj said yesterday it might be difficult to speed up the programme. Although seeking ties with their Communist neighbours, the Thais are letting it be known that they wish to retain sound links with the U.S.

The other difficult point came with Mr. Phan's warm praise for 40,000 or so expatriate Vietnamese who settled in north-east Thailand following the partition of Indo-China in 1954.

Thai residents in the north-east have lately been forcefully demonstrating for repatriation of these Vietnamese, whose success in business did not endear them to the community. The Thai Government has said it will ask Hanoi to take back the Vietnamese to their own country.

But Mr. Phan's statement made it seem unlikely he would readily agree to this. He said: "We send warmest greetings from the 45m. people of North and South Vietnam to their Vietnamese fellow countrymen, dear sons and daughters who have been residing and earning their living in Thailand."

Reuter

Quit call to bank chief

BY L. DANIEL

JERUSALEM, May 21.

THE resignation of the governor of the Bank of Israel, the country's central bank, was urged publicly last night by three members of the Knesset finance committee belonging both to the ruling Labour Party and the Opposition.

This follows the submission of a report by a committee headed by the Attorney-General, which was appointed following the collapse of the Israel-British Bank and the trial and conviction of its managing director, Y. Ben-Tsion.

While the full text of the report has not been released, leakages which have appeared in the local Press indicate that it is highly critical of the steps taken —or rather not taken—by the department of the Controller of Banks in the Bank of Israel.

The governor himself, Mr. M. Sanbar, who has just returned from a tour of Australia, holds that even with stricter supervision, the central bank could not have discovered or prevented the illegal activities of the former managing director and part-owner.

The report of the committee of enquiry is to come shortly before both the Cabinet and the Knesset finance committee.

Australia stops $2bn. loan negotiations

CANBERRA, May 21.

THE Australian Government executive council has revoked the authority it gave Minerals and Energy Minister Rex Connor to negotiate a $2bn. petrofund loan, Prime Minister Gough Whitlam told a questioner in the House of Representatives.

In late April Connor told the House he had the authority to borrow the funds, but gave no details beyond saying they were for matters related to energy.

Mr. Whitlam was replying to a question from the leader of the Opposition, Mr. Fraser.

Reuter

Burma Communists killed

BY A SPECIAL CORRESPONDENT

PEKING, May 21.

CHINA to-day sent a message of support to the remnants of the Peking-oriented Communist Party of Burma whose leadership has been virtually wiped out.

The Burmese Communist Party (BCP) has just released a statement that its chairman Thakin Zin and Party Secretary Thakin Chit have been killed in an offensive launched by the Ne Win Government. According to the statement the central committee of the Party is still carrying on under the leadership of Thakin Ba Thein Tin.

Other reports reaching here, however, say that the Government offensive in the Pegu hills virtually wiped out the BCP as an insurgent force after 25 years.

As well as the Party's chairman and secretary 172 other insurgents died in the fighting.

The message sent to-day by the central committee of the Chinese Communist Party pledged at least moral support for any regrouped insurgency movement.

Radio Peking this morning broadcast at length the BCP statement which claimed that the "military junta" in Burma was "gloating" over what it claimed was the wiping out of the BCP. The BCP statement said this was not true however and the revolutionary struggle would continue.

West agrees Indonesia needs increased aid

BY SANJOTO

JAKARTA, May 21.

THE MEMBERS of the Western aid consortium have decided that Indonesia needs more, not less, assistance—in spite of the country's soaring revenues after the increase in world oil prices.

Indonesia's income from oil exports rose to about $3bn. last year from about $400m. the year before, but the consortium members decided that the increase amounted to only $20 a head, while the country's development needs would amount to about $2bn. in the 1975-76 financial year.

So far, nine consortium members have pledged $400m. in bilateral aid. Japan will be the largest donor with $140m. at an interest rate of 3 per cent. over 30 years with a 10-year grace period. The Netherlands has promised $52m. also on soft terms. The U.K.'s promised $25.3m. will be for 30 years, interest free.

In addition, the World Bank has already pledged $400m. and the Asian Development Bank $120m. at interest rates of 8.25 per cent. for 20 to 25 years. This still leaves a large sum outstanding to make up the $2bn., but the consortium promised to fill the gap.

In the reports presented to the meeting, Indonesia was praised for its policies of reducing the inflation rate from 47 per cent. to 20 per cent. a year, of trying to achieve a more equitable distribution of income, of expanding employment opportunities and of strengthening the Government machine so that the new development plan will be effective.

The aid donors seemed to recognise that Indonesia faced vast problems in pulling the densely populated country out of poverty. The higher oil revenues may help to make Government finances more healthy, but cannot alone solve the long-term development problems.

Ten countries have already pledged their willingness to give such medium term not-so-soft loans, including the Netherlands, Japan, U.S., West Germany and U.K.

These countries have agreed also to give commercial credits for projects. Their delegates have agreed in principle to persuade banks in their respective countries to give commercial credits as an additional source of finance to supplement medium term loans given by their respective governments.

HOME NEWS

VAT rise 'will cost 6,350 jobs' in radio industry

BY ARTHUR SANDLES

ABOUT 6,350 people, or 20 per cent. of the labour force employed by members of the British Radio Equipment Manufacturers' Asociation, will be out of work soon as a result of the increase in VAT on their products from 8 per cent. to 25 per cent., say the employers.

Mr. Denis Healey, the Chancellor, has been told in a letter from Lord Thorneycroft, Radio Industry Council chairman: "These redundancies will take place over the next few months."

Lord Thorneycroft is highly critical in his letter of the Chancellor's actions and of their impact on the electronics industry.

"In the electronic components industry the likely fall of 22.3 per cent. by the end of 1975 in the labour force employed by nine major firms has been aggravated. The decline, to a total figure of 40,570, means the loss of a further 4,800 jobs, representing a fall of 30 per cent. (around 18,000 employees) since January 1, 1974.

"In effect, you bear direct responsibility for bringing about the loss of more than 11,000 jobs.

"Furthermore, by deliberately weakening the productive strength of two vital sectors of the electronics industry you have done the industry the greatest disservice.

"In the short term, the 'mad rush' by consumers to buy during the fortnight preceding the imposition of increased VAT will, for manufacturers and traders, undoubtedly be followed by a deterioration in consumer demand of four to five months' duration before the upturn normally associated with the autumn selling season takes place.

"When next time the decision is taken to release the brakes on consumer spending, perhaps to relieve heavy unemployment, the two vital sectors of the British electronics industry will be too maimed to respond rapidly enough to the challenge of an immediate and continuing surge in consumer demand.

"Imports would be sucked in, to the advantage of foreign manufacturers and to the detriment of our balance of payments. The damage which you have inflicted on the industry will be permanent, an amputation of labour, of plant, of turnover, of investment.

Michael Donne, Aerospace Correspondent, writes: The Conference of General Aviation Organisations, which represents several bodies engaged in light aviation in the U.K., is planning to fight the imposition of 25 per cent. VAT on light aircraft.

Mr. Rex Smith, the chairman of the conference, says that the idea that aviation, and particularly light aviation, was the province of a few individuals with "deep, well-lined pockets" could not be further from the truth. Over 42 per cent. of the people who fly ultra-light aircraft for pleasure were below the £3,000-a-year income bracket.

Flight safety was also now being taxed as a luxury with 25 per cent. VAT on radio and radio navigation equipment.

Two-tax threat may lose art treasures

BY ARTHUR SANDLES

THERE WILL be a "flood of sales" of Britain's privately-owned art treasures which "would be a disaster" as a result of the combined impact of Capital Transfer Tax and the proposed Wealth Tax, according to an official report to the Government published to-day.

The report of the Reviewing Committee on the Export of Works of Art says that the proposed safeguards in the new tax systems would not prevent loss of national art heritage.

It says the "the combination of the Capital Transfer Tax and the proposed annual Wealth Tax in the form now suggested will lead to a flood of sales which can only destroy the present system. The measures proposed . . . in the Green Paper, such as deferment of (not exemption from) Wealth Tax if certain conditions are met will in our opinion not succeed.

"The proposed taxes must force owners, who in the main will have to pay them, to sell their works of art. Even if the Government are preperad to intervene with very great financial support to public collections, their buildings and their running, many of these works will go overseas, lost forever to the nation.

"This would be a disaster to an important part of our national heritage."

The report states that some way must be found which will avoid early sale and make sure that those who have works of art look after them. It accepts that people allowed to keep such works of art should give something in return—such as public access.

Export of Works of Art, 1973-1974. Twentieth Report of the Reviewing Committee appointed by the Chancellor of the Exchequer in December, 1952. Stationery Office, 95p. Cmnd. 6069.

Government has closed minds, says CBI chief

By Our Industrial Editor

INDUSTRY WAS very tired of being met by closed minds in meetings with the Government, Mr. Ralph Bateman, the Confederation of British Industry's president, complained at the CBI's annual meeting in London yesterday.

He believed the CBI had maintained great restraint, that it did not cry wolf and that it always put tactics before temper.

Nevertheless, during the past year industry had left the Government in no doubt about its moods—and the Government needed the goodwill and co-operation of employers if it was to solve the country's problems.

Sir John Partridge, the CBI's finance committee chairman, warned that without any subscription increases there would be a substantial deficit next year.

After a pre-tax surplus of £244,000 in 1974 the confederation would be hard put to break even in 1975 and might have a small deficit.

The situation was being reviewed by the finance committee and more definite proposals could be expected in a few months.

Mr. Bateman was re-elected president and Viscount Watkinson was elected deputy president.

Industrial price rise rate 'declined sharply' last month

BY ARTHUR SMITH

THE RATE of industrial price rises declined sharply last month, according to a survey by the Institute of Purchasing and Supply. There is a warning, however, that the fall could be a temporary lull and that the pressure from wages could push industrial costs higher.

The institute's procurement price monitor showed that British manufacturers and materials suppliers sought increases last month averaging 11.3 per cent.—the smallest monthly average increase this year. This marks a sharp drop on the February peak of 14.7 per cent.

However, industrial costs are still rising faster than in the latter part of last year, when for four successive months rises averaged less than 10½ per cent.

The moderating force upon price increases came from the largest companies in the U.K.—those classified by the Price Commission as category one—where the rises sought dropped from 16.3 per cent. in February to 9.44 per cent. in April. This is the lowest average increase recorded since the price monitor was set up in late 1973.

"This continuing downward trend in the size of price rises charged by the U.K.'s biggest suppliers is an encouraging sign, since it seems to confirm the suggestion made by the Price Commission that raw material and imported commodity costs are beginning to fall," says the institute.

Pointing out that the decline in price rises was not as sharp in category two companies—which tend to have higher wages costs—the institute suggests that the steep rise in British pay rates is evidently taking its toll on the smaller companies' costs.

The survey also reveals a "surprising fall" in the number of price rises sought by industry to 274 compared with well over 400 in both February and March. Companies may have delayed applications because of the Budget and, if that was the case, then last month could prove just a temporary lull, the institute says.

Wages were now taken to be the prime cause of industrial price rises and, with the unions likely to press for higher pay, further pressure on industrial wage costs could not be ruled out for this summer.

Free world steel output continues to fall

STEEL PRODUCTION in the non-Communist world continued its downward slide in April, the International Iron and Steel Institute said yesterday.

The month's production was 36.44m. tons, down 9.8 per cent. from the 40.4m. tons in April, 1974.

U.S. production was off 14.3 per cent. and Japanese output fell 14.5 per cent.—the sharpest falls among major steel-producing nations. But declines of 32.8 per cent. were reported in Belgium, 28.8 per cent. in Holland and 30.2 per cent. in Portugal. The EEC produced 12.4 per cent. less.

For the first four months of 1975, the institute said, production in the non-Communist world was down 7.3 per cent—including the 9 per cent in the U.S., 11.7 per cent in Japan and 6.9 per cent. in the EEC.

There were isolated increases, however, with Italy up 3.9 per cent. in April, Sweden 7.7 per cent., Spain 4.1 per cent., Canada 4.3 per cent., Argentina 18.8 per cent., Brazil 8.8 per cent., and Australia up 20.9 per cent. South Africa was the best performer with an improvement of 38.8 per cent.

Scrap dealers may seek more freedom for export sales

BY OUR INDUSTRIAL STAFF

THE BRITISH SCRAP Federation said yesterday that if the British Steel Corporation's demand for scrap fell any further the industry would have to seek *an open general export licence* from the Government.

The federation's members are allowed at present to export to fellow-member countries of the European Coal and Steel Community, but sales to third countries are severely restricted.

The warning came from Mr. Mac Bissett, the retiring president of the federation, at its annual conference in Bournemouth.

In spite of continuous export restrictions, the U.K. had been a net exporter of ferrous scrap for several years he said. Over the last five years the net surplus earned by the industry exceeded £27m.

In just two years, even with restricted trading opportunities, *the British scrap industry had a* favourable trade balance with the EEC exceeding £15m.

The federation was strongly in favour of continued British membership, which would ensure that long-term prospects for the industry were good.

When the demand for steel picked up, scrap would continue as a valuable form of furnace feed. "Prices should rise, with good quality low residual material likely to reach unprecedented levels," said Mr. Bissett

Mr. Bob Scholey, chief executive of the British Steel Corporation, told the conference that the BSC *had "definitely decided"* to build a twin plant at Hunterton, Scotland, for production of iron *pellets by the direct reduction* process.

The development of pelletising would not mean major cuts in the scrap needs of the corporation. "I can't see pellets being cheaper than scrap," said Mr. Scholey.

BSC would need 4.5m. tonnes of scrap a year until 1980 for steel-making, and 1m. tonnes more for blast furnaces and foundries. The corporation might be prepared to involve itself "in the capital side" of scrap generation and improvement.

Second toy company seeks financial aid

BY ELINOR GOODMAN

A SECOND toy company has approached the Department of Industry for financial aid. Rosedale Industries, which is part of the Heenan Spark group and employs 650 workers in Bedwas, South Wales, has asked the Government for help in overcoming its working capital problems.

The assistance wanted is believed to be of a considerably smaller scale than the £3.25m. rescue operation mounted for Triang Pedigree last week but, like the Tri-ang deal, it involves a toy factory in an area which already suffers from high unemployment.

Heenan Spark, which owns two-thirds of the equity in Rosedale, last week announced a loss of £674,000 for the six months to October 31, 1974. The losses were entirely attributable to Rosedale—excluding Rosedale's results the group made a pre-tax profit of £252,000.

Mr. David Innes, chairman of Heenan, blamed the losses partly on the disruption caused by the move into Bedwas and the effect of inflation on costs, together with the impact of the major de-stocking exercise by wholesale customers and the retail trade—a factor which also affected Tri-ang.

Cigarette tar yield lower

By David Fishlock, Science Editor

AVERAGE TAR yield of every cigarette smoked has fallen by about 10 per cent. over the three years since the first tar and nicotine "league table" was published in Britain, according to the Department of Health.

The department has released its fourth "league table," accompanied by a new health warning: "Danger: Cigarettes cause lung cancer, bronchitis, heart disease."

The latest table ranks a total of 109 brands, sampled by the Laboratory of the Government Chemist between last August and January 1975 and again divides them into the five broad groups—low tar, low-to-middle tar, middle tar, middle-to-high tar and high tar—first introduced last September.

Embassy Ultra Mild, Players Mild De Luxe and Silk Cut Extra Mild again head the table, with tar yields of less than 4 milligrams per cigarette and nicotine yields of less than 0.3 milligrams per cigarette.

A total of 11 brands are ranked as low tar—less than 10 milligrams—in the new table, compared with nine brands last September.

A new addition to the "high tar" end of the table is Pall Mall King Size, with the highest tar and nicotine yields measured for any brand.

Directors' conduct code suggested

BY A. H. HERMANN

A CRITICAL appraisal by business lawyers of the various proposals for reforming the U.K. company law suggests a professional code of conduct for directors, rejects two-tier Boards, expresses a qualified sympathy with a measure of employee participation and stands firmly on the principle of self-regulation as opposed to supervision of companies by a Governmental agency.

The views are the main conclusion of a report on company law reform by The Bar Association for Commerce, Finance and Industry. It has been prepared by the Association's company law working party under the chairmanship of Mr. Brian Bransbury, legal advisor to Courtaulds.

The Association's members are mainly barristers on the staff of large companies and, acordingly, the report reflects the experiences and sentiments of "insiders."

It expresses a strong opposition to the Labour Party proposals for a Companies Commission with legislative powers. Instead, it supports the principle of voluntary self-regulation as exemplified by the Stock Exchange and the City Panel on Takeovers and Mergers.

Even the 1973 Bill presented by the last Tory Government is found to err on the side of placing every kind of control upon the directors of companies.

The Bar Association takes the view that if directors were subject to a disciplinary code of a professional body, they might well fear that discipline more even than the criminal sanctions proposed by the 1973 Bill.

It recommends detailed consideration of a proposal to extend the area of voluntary regulation by the setting up of professional discipline for all directors of quoted companies.

The Bar Association agrees with Lord Justice Scarman that there is need for a profound re-thinking of the control and use of company funds by directors, but is opposed to the introduction of the U.S. system enabling minority shareholders to use the courts in forcing their particular views on managements.

One of the many technical recommendations is that auditors should be bound to report if they believe that the Board's policy is likely to lead to financial disaster. The Bar Association also puts forward a strong plea for an overhaul of the law relating to the activities of receivers.

In the experience of their members advising trade creditor companies, the appointment of a receiver in a situation of illiquidity often results in rapid deterioration when secured creditors are paid, but unsecured creditors are left empty-handed.

The Government is urged to study the German system of a moratorium on payments used in similar situations.

Company Law Reform, distributed by The Bar Association for Commerce, Finance and Industry, 63, Great Cumberland Place, London, W1H 7LJ.

Fall in profits 'could lead to State share' in drug industry

BY RAY DAFTER

THE FALLING level of profitability of pharmaceutical companies could eventually place the industry in line for State participation, according to a report published to-day.

The report concludes that the accusation of the industry reaping easy and excessive profits out of sales to the National Health Service is rapidly losing whatever plausibility it may have had in earlier years.

If the trend continued, the time might not be far distant when the industry would be accused, instead, of inefficiency because of inadequate profits.

In its report, Runnymede Research says that, as a result, the State might take a stake in the industry not because of "excessive" profits but because of the emergence of losses—"partly induced by its own action in controlling prices."

If price controls continued to squeeze the industry's profitability, there would be a serious weakening of the companies' ability to "maintain the life-saving, pain-reducing, cost-curing achievements that have frequently followed the risk-laden research efforts since the war."

In addition, the price record of the industry gave no support to the allegation that price competition was absent or ineffective.

The report, based on work by economists George and Priscilla Polanyi and published by the Association of the British Pharmaceutical Industry, is supported in an appendix by Dr. Anthony Henfrey, a City financial analyst.

He states that the industry's performance had been measured by a "wholly inappropriate yardstick." The unprofitability of the rest of British industry in general had been used by the Government as a guide to the often supposedly "excessive" earnings of the pharmaceutical industry.

Copies of the 53-page report have been sent to Department of Health Ministers and officials.

Competition, Risk and Profit in the Pharmaceutical Industry, Runnymede Research; published by The Association of the British Pharmaceutical Industry, 162 Regent Street, London W1R 6DD.

Warning of further cuts in postal service

BY PETER FOSTER

A WARNING of further cuts in the postal service and a claim that there was growing public opinion in favour of cuts came yesterday from Mr. A. S. C. Currall, head of the Post Office's postal division.

Mr. Currall said in evidence to the nationalised industry sub-committee dealing with the Post Office: "There is a significant volume of opinion since the March 17 price increases to the effect that the services are providing more than is necessary."

His remarks are sure to attract the interest of the Post Office Users' National Council, although he said that full discussions would take place with the council before any further reductions in service were introduced.

He said that the withdrawal of Saturday afternoon collection and the abolition of the third delivery in London had had little real effect on efficiency.

The Post Office was being forced to examine the situation further because of three pressing problems: falling traffic, an extra 300,000 delivery points a year and the industry's large area of fixed costs.

The Post Office was reported to be largely satisfied with the two-tier system introduced in 1968. Mr. Currall admitted that there had been a decline in the average quality of delivery service of both first and second-class letters over the last five years.

Prudential lifts its annuity rates

By Eric Short

AS A RESULT of the recent increase in short and medium-term interest rates, the Prudential Assurance Company, Britain's largest life company, this week has lifted its immediate annuity rates by an across-the-board £12 per annum for each £1,000 invested. The move comes after two cuts in the rates earlier this year.

Immediate annuity policies are life contracts whereby the investor buys an income for the rest of his life. Such contracts tend to be of interest to the elderly investor and the rates are closely linked with the level of interest rates in the short and medium term.

Esso cuts domestic heating oil by 1p to dealers

BY ADRIAN HAMILTON

ESSO PETROLEUM said yesterday that it was reducing scheduled prices of gas oil for domestic central heating and retail auto diesel to dealers by 1p per gallon.

The move, effective from this morning, comes after the decision by Shell and BP similarly to adjust prices earlier this week.

Unlike Shell and BP, however, Esso has decided to make similar price reductions for gas and diesel oil sold to bulk customers under contract through the medium of additional discounts, or rebates, rather than through changes in the formal scheduled price.

Its reasoning would appear to be that, in the present uncertain marketing conditions when European prices are actually beginning to go up on forward purchases of the product, a change in rebates would be a more flexible way of ensuring its competitiveness, rather than through scheduled prices which require Price Commission approval if they are to go up again.

A similar feeling seemed to prevail among most other companies contacted yesterday. Many have in any case substantially reduced rebate levels over the last few months—thus causing Shell and BP's decision this week—and there seemed little desire yesterday to make further adjustments again to retain their previous price differentials with BP and Shell.

The moves this week by the major marketeers are likely, therefore, to bring relative prices of distillates between the "majors" and independent suppliers into closer relationship. But at this stage they seem unlikely to bring about a further round of reactive price cutting, particularly in view of prices going up again in the autumn.

Other products also appear unlikely to be affected.

Wage deals 'will result in national bankruptcy'

BY LORNE BARLING

BRITAIN was persisting in making wage settlements which fed inflation and would lead to stark national bankruptcy, Sir Val Duncan, chairman of Rio Tinto Zinc, said yesterday.

Those who claimed that these high wage settlements were in the interests of the ordinary worker were blind. No one could contract out of the final collapse that our present course promised," Sir Val said.

"Is there not something fundamentally selfish, if not immoral, in mortgaging the future earning capacity of every family in this country?"

He also said in the company's annual report that over-manning was another grave and widespread evil. "To make the preservation of jobs—regardless of productive efficiency—the main object of policy is again to work for impoverishment."

How much better to throw our energies into helping the transfer of surplus labour to employment, where it can better contribute to total output.

He viewed the Government's policy on public ownership with gross misgivings. "I feel strongly that the nation can no longer afford the luxury of these changes as we are fighting for our lives."

On inflation, Sir Val called for far more rigorous control of public spending, both at central and local government levels. This would involve a good look at the social services and other domestic government expenditure whose costs were dangerously out of control

OBITUARY

SIR WALTER ADAMS

Sir Walter Adams, who died, aged 68, in Rhodesia yesterday, was director of the London School of Economics, during the demonstration-filled days of 1969 and principal target for student unrest during that period.

He was involved in setting up colleges and universities in Uganda, Nigeria, the Gold Coast, West Indies, Malaya, Hong Kong and Malta

From 1933 to 1938 he was secretary of the Academic Assistance Council which helped to place academics displaced from Germany, Austria, Italy, Spain and Portugal because of their race, religion or politics. He worked for the Foreign Office during the war.

MR. B. S. NICKELL-LEAN

Mr. Brian S. Nickell-Lean, chairman of the British Wool Confederation, has died aged 50. He was managing director of the combing division of Woolcombers, Bradford and a director of Woolcombers (Holdings).

Recession 'may be longer than usual' brokers say

BY ANTHONY HARRIS

THE RECESSION is likely to prove far longer than those which have become familiar since the war, according to stockbrokers Simon and Coates.

A circular to clients says that "the latest boom and subsequent bust have left deep psychological scars everywhere."

Both private people and businesses in most countries were in an ultra-cautious mood, reluctant to commit themselves to new spending, especially where this might involve borrowing.

Declining profit margins, crises over public spending—especially by local government — and depressed house and car markets were the experience of many countries, and not a peculiarly British disease.

Industry was unlikely to lead an economic recovery in these circumstances: profit margins were too low, and the depth of the present recession would ensure that recovery in margins was slow.

Personal spending was depressed by the generally cautious atmosphere, and "it is virtually inconceivable that Government will go on a spending spree." Governments everywhere were preoccupied with troublesome deficits and inflation.

The world recession should reach bottom before too long, and next year would see some recovery, "but forecasts of a major boom are likely to be just as wide of the mark as forecasts that the recession would be short and modest," the circular says.

Tories plan medical group to improve health care

BY DR. DAVID CARRICK

A NEW medical society is to be formed by the Conservative Party with the object of improving the standard of health care.

Mr. Norman Fowler, "shadow" Health Secretary, said yesterday that the first step would be to invite medical practitioners throughout the U.K. to a meeting in London next month.

The long-range proposal would be to widen the scope of the society to include nurses, dentists, pharmacists and so on. The four main aims of the proposed society were:

1—To provide a forum for an exchange of views between Conservatives working in the health field.

2—To set up discussion and research groups with the object of putting forward proposals on policy to the party.

3—To inform the public, through publications and conferences, of attitudes and views among those working in the health sphere.

4—To provide evidence for committees examining the health services.

Mr. Fowler said that he believed that the Conservative Party would benefit greatly from a society of that nature. "In legal and home affairs, the Society of Conservative Lawyers has made an outstanding contribution.

"Over the years a number of their proposals have been adopted as Party policy. I see the Conservative Medical Society fulfilling a similar role and helping to shape future policy."

The National Health Service was under increasing pressure, and the number of doctors leaving the country was disturbing. Confidence must be restored, and one way of doing this was by listening carefully to the medical profession."

Land Bill 'will not mean big increases in staff'

FINANCIAL TIMES REPORTER

LOCAL authorities would need to redeploy rather than increase their staff under the Community Land Bill now before Parliament, Mr. John Silkin, Minister for Planning and Local Government, said yesterday.

He told the National Housing and Town Planning Council in London that the total increase when the community land scheme was fully operative would be 12,000, of whom about 4,000 would be professionally skilled.

The increase should, however, be seen against the total number of authorities, which meant that on average the increase would be seven for each local authority and even that average would be built up over years.

Mr. Silkin's statement is unlikely to assuage the Government's critics over staffing. Many in the property world are sceptical of the basis for the 12,000 figure and point out that large numbers will also be required to operate the Development Land tax, which is the other half of the Government's proposals on nationalising development land.

STEEL STOCKHOLDING

The photograph which appeared on Page 11 of the Steel Stockholding survey in the issue of Tuesday, May 20 last, showed the blanking line of H. E. Samson of Cwmbrook, Bucks.

IN BRIEF

Roof collapse

A timber roof which collapsed at a swimming pool at Ilford County High School for Boys last October was incorrectly designed for condensation, says a report by the Building Research Station.

The condensation led to a gradual sagging which allowed a large pond of rain water to form.

Rescue attacked

While he recognised the need for policyholders' protection, the Legal and General Assurance Society was opposed to any form of Government-sponsored rescue scheme for failed insurance companies, Lord Harcourt, chairman, told the AGM yesterday.

Free market plea

Less interference by the Government in the free market economy was more likely to help the regeneration of British industry than greater State intervention, Sir John Prideaux said yesterday in his presidential address to the Institute of Bankers.

Plant research

The Science Research Council is providing £118,000 for a research programme at the Royal Institution in London which will attempt to simulate photosynthesis, the complex chemical process by which plants harness solar energy.

Car dumping talks

The Society of Motor Manufacturers and Traders will meet Department of Trade officials to-day to discuss the society's anti-dumping application against Japanese cars. The SMMT wants immediate import duties on some Japanese vehicles pending an investigation of its claims.

Frigates plan

A preliminary agreement has been reached between Vosper Thornycroft—the south coast warship builders—and the Armada Republica Argentina under which six frigates of about the same design as the Type 21 (Amazon-class) being built in the U.K. for the Royal Navy will be constructed in the AFNE shipyards in Argentina.

Judgment expected

Judgment is expected to-morrow in the High Court action brought by Pan American World Airways against the Department of Trade seeking to prevent interference in the airline's plan to pay 3 per cent. increases in commission to travel agents.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Bubbles absorb the dust

ANY COMPANY seeking the twin benefits of reduced costs and increased gas cleaning efficiency should be interested to hear that a new Swedish technique is now being more widely introduced into the U.K.

A London factory belonging to one of the companies in the Croda group is just installing a Foamator foam bed scrubber unit. This will be the second to operate in Britain and follows the successful six months operation of the first unit in a large chemical plant in East Anglia.

The basic innovation of the Foamator is the provision of a bed of foam through which the gases are passed in such a way that any particles of dust carried by the fumes are trapped when they adhere to the individual foam bubbles. The dust punctures the bubbles and, as they collapse, they fall with it into a liquid stream and are then easily removed as a sludge.

The foam is produced with a gas different to that being cleaned. Prepared outside the cleaning unit, the foam is pumped in at the same rate as it is consumed in the process, so that the foam layer remains constant. In very large installations it is possible to reclaim the foaming agent for economy or to salvage the dust in instances where this has an intrinsic value.

The Foamator is manufactured in Sweden by Temperator AB of Tumba, near Stockholm, a subsidiary of Alfa-Laval. The inventor of the technique, Bruno Javorsky, is said to have thought of the principle when having a drink of frothy beer after a train journey through the Midlands, during which he had seen so many smoking chimneys. He saw particles of matter being precipitated in his glass as the gases rose to the surface through the beer.

Though the principle is simple the know-how involved is considerable, especially as different foaming agents may be required to suit different applications in industry.

The first major tests on the new idea were carried out for the Hoganas company in Sweden which has encountered problems resulting from the coarse particles of iron oxide dust produced in the grinding and powder cutting of foundry castings. Hoganas found that the Foamator could carry out the cleaning operation with many advantages compared with conventional wet scrubbing plant.

Electrical consumption was calculated to be less than one-third, while the installation costs and the space requirements were also considerably lower. The new unit was able to remove an extensive range of dust particle sizes.

The foam method is being developed not only to collect dust but also as a means of absorbing fumes and recovering valuable gases. The efficiency of the method results from the enormous liquid surface area presented to the gas while using only a small amount of liquid.

It would appear that the Foamator could serve as an economical means of carrying out existing gas cleaning tasks and also as a means of effecting cleaning tasks not previously possible with conventional plant. It can, in many instances, be used in areas where only dry cleaning was thought admissible before.

The Croda installation is being supervised by Temperator's U.K. Projects Office under the direction of Malcolm Brown who operates from 2 Wakefield Gardens, London SE19 2NR. (01-653 1256).

● AUTOMATION

Boards made by numerical control

VERO NC Developments, Southampton, has brought out a new multi-spindle numerically controlled printed circuit board routing machine, the Europa R. The machine exploits fully all the advantages of this relatively new technique for PCB routine, and is capable of high production rates with consistent quality.

Carefully controlled stress-relieving ensures long-term dimensional stability, which is essential for machines having a quoted position accuracy of ±0.01 mm.

Europa R is available with from one to four spindles, the production board layout varying, respectively, from one board measuring 600 x 610 mm to four boards, each 320 x 610 mm. It will handle stacks of up to four circuit boards at contouring feed rates up to four metres/minute. Platen work change can be fitted, which enables the operator to load one platen with PCBs while the Europa is working on another, thus greatly reducing part-loading time and machine idle-time.

Another feature is independent mounting, on Schneeberger recirculating roller bearings, of the machine table and spindle head, resulting in low inertia and friction levels. This facilitated accurate adjustment of axis geometry. High powered pulse width and frequency modulated dc motors, by Control Systems Research of America, drive very stiff recirculating ball screws and preloaded double nut assemblies, and ensure that the machine is working well within its capability.

Spindle speed is variable between 4,000 and 35,000 rpm, and an integral tachogenerator in each spindle ensures that the desired rpm is maintained even under heavy cutting conditions. A spring loaded boot is fitted to each spindle to facilitate vacuum cooling, dust and swarf removal, and to hold the printed circuit boards on the table surface.

Vero is at South Mill Road, Regents Park, Southampton, Hants. Southampton 771061.

● METALWORKING

Research is moving fast

INCREASING emphasis on work to promote the transfer of technology from research to application is highlighted in the annual report of the Machine Tool Industry Research Association.

Despite inflation and the many other problems that have affected British industry throughout the year, the chairman of the council, Mr. W. R. Vaughan, firmly believes that MTIRA is now in a better position to face the future and that this improvement can continue at an increasing rate.

Significant progress has been made in performance testing of machine tools as well as the study of noise, reliability, high-speed grinding and computer-aided manufacture.

The importance of the reduction of noise from metal-cutting and forming machinery is increasingly emphasised by the users of these machines. MTIRA has been investigating many different aspects of the problem including machine noise, cutting-process noise, identification of noise sources and methods of reduction either at source or by using enclosures. Noise measurements have now been made on several hundred machines.

Interest in machine tool performance testing is increasing and with the support of the Research Requirements Board the association is attempting to provide practical data as a basis for performance standards. Valuable information has already been obtained of benefit to both manufacturers and users and which will also assist the association in assessing the implications of any test specifications which may be implemented.

Recommendations by the industry have led to a pilot survey conducted to collect information about machine tool reliability.

From the survey it has been possible to establish data on the average downtime of machine tools, the types of breakdown leading to the highest production losses, those parts of a machine which cause most breakdowns and the correlation between costs of maintenance and downtime. Account is being taken of these findings in planning future research programmes.

Sequential control systems using programmable read-only memories have been further studied and several have been successfully applied to production machines. The system shows significant advantages over more conventional approaches for fixed-cycle machines.

Economic advantage in using numerical control for certain one-off components has been demonstrated with considerable success during the year. This is made possible by a method developed for families of similar components which can be designed by computer. This simultaneously produces control tapes for their manufacture on MTIRA's computer numerical control lathe. The technique has been used for the manufacture of forming rolls, metal-spinning rollors, plastic moulds and components for an inspection machine.

Work on ultra-high-speed cylindrical plunge grinding (at wheel speeds up to 125m per second) has continued. The purpose of the research is to establish whether greater rates of metal removal can be economically obtained and to lay down guide lines for the design of future grinding machines. Special consideration has been given to the design of wheel guards for high-speed grinding machines.

The Machine Tool Industry Research Association, Hulley Road, Hurdsfield, Macclesfield. Macclesfield (0625) 25421 and 26189.

● ELECTRONICS

Chips for calculators

LARGE SCALE integrated MOS circuits for many kinds of five function and basic slide rule calculators which minimise the number of extra components needed are offered by Rockwell International.

All the circuits have on-chip direct segment and strobe drive for either light emitting diode or fluorescent eight-digit displays. For the same display, an identical circuit board would be used for all model varieties. Keyboard changes and substitution of the most economical pin-compatible circuits are the only modifications required.

The company says that it has identified some 30 different machines that could be produced using one of the chips.

Also included on the chip are an oscillator/clock generator, automatic power-on clear, automatic key de-bouncing, and direct keyboard crossbar matrix de-bouncing.

Total supplemental requirements are one resistor for frequency control and eight or nine resistors, respectively, for LED or fluorescent displays.

Most powerful circuit is the P/N A550X providing basic calculating functions plus an accumulating memory with six functions (add, subtract, exchange, store, clear and recall), parentheses, square root, square, reciprocal, sign change, register exchange and percentage with automatic mark-up and discount. In production quantities this is priced at about £1.68.

Further information from Rockwell Microelectronic Device Division, D-6374 Steinbach/Taunus, Industiestrasse 8, West Germany.

● MATERIALS

Optical lapping material

POROUS EXPANDED polyurethane material, impregnated with cerium oxide, has been introduced from the U.S. by Lapping Services, Primrose Hill, Kings Langley, Herts., WD4 8RH, for use with single- and double-sided planetary lapping and polishing machines.

The material is stated to be capable of polishing three-inch-diameter optical components to within a quarter of a wavelength. It is only 0.02-inch thick, and sufficiently hard and thin to allow the underlying lapping plate to control the flatness of the finished product.

● PERIPHERALS

Terminals simple to test out

THE NEW TC 4000 Series of printing terminal systems just announced by Burroughs Machines includes provision for peripheral activities together with a useful self-diagnostic MTR board that enables the operator to exercise the machine before running, and coincidentally aids the field engineer.

The series, which includes four models designed to give economy and flexibility in printing, storing, displaying and transferring information in a data communications network, is the result of Burroughs' efforts to produce a range of terminals using pre-programmed circuit chips to define the characteristics of the machines.

This approach has allowed sophisticated features to be included at what seems a modest price (from £2,600).

Manual data entry through a standard typewriter keyboard, adaptable for the styles of different countries, is featured, and the peripheral possibilities include controllers for the connection and control of up to two cassette drives for batch transmission and reception, a self-scan display panel for inquiry, and mini disc for fast random access of stored data.

The wire matrix console printer operates at 60 characters per second, while data transmission speeds range from 75 to 9,600 bits per second.

Single or dual sending or receiving buffers with a capacity of up to 1,536 characters are included, together with a "forms compose" feature.

Using the MTR board, an operator can perform the majority of MTR functions, such as exercising the forms handler and the printer. A full functional and confidence test could be carried out in between five and ten minutes by the operator before the start of a day's work, and the board can be unplugged and used on another machine.

Burroughs envisage applications across the broad range of business, Government departments, and financial, medical and educational institutions. They are talking about sales of between 3,000 and 4,000 units in the U.K. alone over the next couple of years.

Burroughs Machines, Heathrow House, Bath Road, Cranford, Hounslow, Middlesex, TW5 9QL. 01-759 6522.

● SERVICES

Industry in fine detail

A TWO-VOLUME publication which describes every category of office equipment, including its industry, its products and its markets, is available from Computer Information Centre.

CIC Manual of Office Systems is thought to be the first of its kind, and will form the basis of a new updated information service to give buyers, executives, educators, consultants and sales representatives a clear picture of the state-of-the-art in office systems.

The service comprises the two volumes updated by monthly supplements, plus a monthly newsletter called "Office News" which covers current developments in the office equipment field. Categories covered include dictation systems, facsimile equipment, security systems, microfilm, audio/visual equipment, mail/addressing equipment, office calculators, word processing equipment, and office telephone / voice - communications systems.

CIC is at 286 Pentonville Road, London N1 9NY. (01-279 5187).

The CIC Manual of Office Systems costs £150 per annum including twelve updated supplements and twelve issues of "Office News."

● INSTRUMENTS

Versatile thermostat

CHANGING TO a new temperature range is a matter only of changing the probe, using an electronic thermostat developed by Endell (Southern) of 35, Millers Road, Brighton, Sussex (0273 556723). Cost savings can result when a number of ranges have to be covered since the control unit remains common.

Known as the Enstat, the unit has a relay output for use in the control of heating and cooling systems and as a safety cut-out. Accuracy is within ±½ deg. C (mechanical units can frequently be as much as ±2 deg. C), and the switching differential is also ±½ deg. C.

The probes use a precision thermistor as the basic sensing element but have additional features that provide the setting facility. The common control unit can be used for any temperature range simply by changing the setting scale to correspond with the probe.

The one-off price of the equipment is about £15 with one probe. Likely applications are in pharmaceutical laboratories, hospitals, photographic processors, and incubation processes.

● HEATING

Dual-fuel boilers

FOLLOWING the introduction recently of the PN.2200 Series of dual-fuel cast iron heating boilers, a similar range with top-mounted domestic hot water calorifiers has just been announced by Parca Norrahammar, 90 Staines Road, Hounslow, Middlesex TW3 3LF (01-570 7131).

PN.2100 Series, comprises five different models which, like the PN.2200 range, are all supplied basically for oil firing but can be converted very simply for operation on solid fuel. This provides valuable flexibility in the choice of fuel—particularly important when long-term relative fuel costs are so uncertain.

Constructed from high-grade cast iron sections with a fully-insulated stove-enamelled sheet steel casing, the PN.2100 Series covers an output range from 50,000 to 220,000 Btu/h. Capacities of the copper-lined steel calorifiers range from 115 to 200 litres (25 to 44 gallons), depending on the model. Domestic hot water outputs are from 270 to 450 litres per hour (60 to 100 gph), raised from 10 degrees C to 60 degrees C (50 degrees F to 140 degrees F) with a mean primary water temperature of 82 degrees C (180 degrees F). The boilers are thus suitable for space and water heating applications in a variety of domestic, commercial and small industrial premises.

● PRODUCTS

More films from Kodak

THREE NEW Kodachrome colour transparency films for still and movie cameras have been introduced by Kodak of Hemel Hempstead, Herts.

Kodak says the main advantages of the films are better colour reproduction and definition and that there is less sensitivity to ultra-violet rays, thus giving clearer skies and sharper distance views.

The films will be marketed as Kodachrome 64 (daylight), Kodachrome 25 (daylight) and Kodachrome 40 movie film (Type A).

● COMPONENTS

Hydraulic motors in wheels

LATEST MOTOR development from Carron are complete power wheels using hydraulic cartridges—the wheels can be as small as 10 inches in diameter, over the tyre.

The motor is designed as two basic components—the cast iron body incorporating the cartridge (six inches in diameter and transmitting up to 20 hp), and the outer steel sleeve to which the solid tyre is bonded. This sleeve is a fit on to the motor body and the two parts are flange-bolted together, so that the tyre can be changed without disconnecting the hydraulic motor.

Tyres can be rubber or polyurethane to suit the application. Standard wheel sizes are 10.5 and 16 inches. Other sizes can be made available, and the hydraulic displacement can be 182, 328, 380, 430, 574, 690 or 765 cc. The axle can be single or double ended and the maximum working pressure is 3,000 psi.

First applications have been in fork lift trucks up to 2 tons capacity in England and Germany. Orders have been received from Japan, says the company, which is at Mitchelston Industrial Estate, Kirkcaldy, Fife (0592 52297).

● TRANSPORT

Belgian underground test train

A PROTOTYPE train for the Brussels underground railway has been produced at the Familleureux works of Constructions Ferroviaires du Centre (CFC).

The new rolling stock built by CFC comprises a two-coach prototype train, the bogies for all the standard trains and 14 standard trains of light welded alloy structure. CFC designed a light aluminium welded body, and developed a pneumatic suspension single engine bogie in collaboration with the French company MTE (Creust Loire) and ACEC. The bogie is stated to improve comfort, safety and performance. Two have been tested for six months on the Paris underground.

Framework of the prototype coaches is 18.2m. long, 2.7m. wide and 3.35m. total height, with four doors on each side (1.3m. passage width), and weighs only 3.1 tons. Each coach can carry 210 people, with seating for 40.

The traction system was designed and produced by ACEC. Through an advanced command and control system, any anomaly is notified to the driver, who is in touch by phone with the central dispatching office and the travellers in the compartments. He can thus explain what is happening.

هكذا من الأصل

It'll come as a comfort if you have to sell the Rolls.

Life seems to be getting even tougher at the top.

A couple of Mayors we know have had to pension off their Daimlers.

Film stars and businessmen alike have traded in their Jags and Mercedes.

And now even the odd Rolls owner is having to part with his pride and joy.

Where are they turning for consolation?

We're delighted to report that many of them are turning to our Ford Granada Ghia.

You see, the Granada Ghia manages to keep them in the style to which they've been accustomed. Yet it costs about £1,000 less than some of its prestige rivals.

That could cover your petrol bill for the next two to three years.

Better still, the Granada Ghia will save you money every time you drive into a garage. Ask 'Motor' magazine.

They tested the Ghia and some of its competitors and came up with these figures for overall fuel consumption.

Ford Granada Ghia, 19.4 mpg. Jaguar XJ6, 15 mpg. Fiat 130, 14.4 mpg. Mercedes 450SEL, 14 mpg.*

But to make these savings do you also have to make sacrifices?

Not as many as you might think. For a start, you'll still be driving in an atmosphere of peace and seclusion.

The Granada Ghia's interior is lined with soundproofing. Then faced with the same cloth that covers the seats.

You won't be disturbed by a noisy transmission. The automatic is so quiet you'll have to keep an eye on the rev counter to catch it in action.

Nor will you have to forfeit deep-pile carpet. Or heavy underlay.

You'll still have door cappings and facia of real wood. Admittedly, it's not the stuff found in a Silver Shadow. But it is real walnut, from a forest, not a factory.

You'll still have performance.

Ford's 3-litre V6 engine will take you from 0 to 60 in just 10.5 seconds. Top speed, 110 mph.*

You may be wondering if the motoring press shares our enthusiasm.

'Autocar,' rarely generous with its praise, had this to say in one of their Test Extras.

"By comparison with some other cars in a similar capacity class, the Ford Granada Ghia offers truly exceptional value and comfort."

We hope their opinion at least persuades you to take one for a test run.

If it doesn't, perhaps your accountant can.

GHIA Ford

Granada Ghia maximum price £3,761 including Car Tax, VAT at 8% and DELIVERY to your Ford Dealer (excluding N. Ireland). Seat belts, number plates and metallic paint at extra cost. Prices correct at time of going to press. *'Motor' road tests–Automatic transmissions.

REFERENDUM

Heath warns of 'pathetic isolation'

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

MR. EDWARD HEATH said in Glasgow yesterday that if the nation voted against continued EEC membership "it would rank as the most irresponsible and potentially most self-destructive act ever taken by a free electorate in the annals of history."

Speaking at the start of a three-day tour of Scottish centres, Mr. Heath said that with a "No" vote "Britain would be entering not into a period of splendid isolation, but pathetic isolation."

Apart from these free-wheeling comments Mr. Heath appears to have been the despair of his eager assistants and public relations men, who had carefully primed him with suitably doom-laden forecasts about the Scottish employment and investment situation if Britain withdrew.

In the event, their homework was scarcely called in evidence and they had to work hard afterwards to retrieve lost publicity for a referendum campaign which, on both sides, has yet to get off its knees in Scotland.

Included in the propaganda which was studiously ignored by the great man was the fact that leaders of the Scottish wool textile industry will launch a campaign next week throughout their mills warning their 8,000 workers bluntly that up to a third of their jobs may be at risk if Britain leaves the EEC.

Mr. A. B. Crawford, secretary of the National Association of Scottish Woollen Manufacturers, who had been asked for details of their campaign by a member of Mr. Heath's entourage, sounded vaguely injured when he was later told that his industry's valuable endorsement of a "Yes" vote (particularly in the Scottish Border counties) had not been mentioned.

Posters at mills

The association will tell its workers, through posters at mills, that "Your future is European" because two-thirds of the Scottish industry's production (last year valued at £30m.) was sold on the Continent, mainly to the EEC. Twenty years ago the proportion was barely one-fifth.

"At least one-third of your livelihood, your standard of living, your future is imperilled if Britain leaves the EEC," say the posters in large type. "Vote for Europe." Mr. Crawford confessed, almost apologetically: "We don't normally dabble in politics. We are only doing this because it's our bread and butter."

His bread and butter, perhaps. But not necessarily the sustenance, apparently, of those who are dabbling in politics all the time. Mr. Heath made a glancing reference to "the canny Scots who know all about jobs and investment," the prospects for neither of which looked at all promising if Britain withdrew. Some projects were already being held up by corporations which wanted to know the referendum result first, he claimed.

Among the projects he called in support were three by Seagrams, the Canadian liquor company, which announced in March that it was postponing £30m. of investment in a Scottish bottling plant and distillery and a rum-handling plant to be placed with strategic embarrassment in the Prime Minister's constituency, Huyton.

It turns out that while the referendum has been one consideration on Seagram's minds, the company has been mainly exercised by the uncertain economic climate.

Mr. Heath was much more specific about the damage which he thought the referendum was doing to Britain's credibility abroad. On recent visits to Bonn and Paris, he said, he had been told by Community leaders that all the goodwill he had built up because of the way he had negotiated Britain's membership had been frittered away in the last year of "haggling" by his successors.

Anti-Marketeers speak with forked tongues—Whitelaw

BY IAN DAVIDSON

MR. WILLIAM WHITELAW, deputy leader of the Conservative Party, yesterday challenged the anti-Marketeers to state clearly what alternative strategy they are proposing to membership of the European Community.

He told a Britain in Europe Press conference that the anti-Marketeers were speaking with "forked tongues." Their official pamphlet advocated free trade with the European Community and the European Free Trade Association, but he quoted another anti-Market leaflet which claimed that "the flow of imported goods from the Market Six is throwing our own people out of work."

Mr. Whitelaw asked how Britain would be helped by moving from free trade with the Community while we were a member, to free trade with the Community while we are not a member.

"The fact is that there is a group of anti-Marketers who do not want a free trade agreement at all. Such people propose instead a seige economy with strict import controls."

Either of these alternatives might, in certain circumstances, be made to work in some way, though they both had grave disadvantages. But the British people were entitled to be told which solution was being proposed.

"Which is it to be? A free trade area with Europe or a complete seige economy? Let us have an answer."

Baloney

Mr. Cledwyn Hughes, chairman of the Labour Party, and Mr. Jo Grimond, former leader of the Liberal Party speaking on the same platform, both strongly pressed the case for British membership of the Community, with special emphasis on the benefits it would confer on Wales and Scotland respectively.

Mr. Hughes opposed the claim of Mr. Anthony Wedgwood Benn, Industry Secretary, that Community membership had caused the loss of jobs in the U.K. and cited the comment made on this claim by the economist Peter Oppenheimer, another anti-Marketeer—"Baloney."

Mr. Hughes also pointed out that the latest loan of £14m. from the Community to the British Steel Corporation brought the total of Community loans and grants received by Wales since British entry to some £50m.

He also claimed that Wales and Scotland were much more likely to lose their individual identities in the United Kingdom than in the Community, with its many small nations.

Mr. Grimond said that he could imagine nothing more disastrous for Scotland than that she should break her ties with Europe.

"She would almost certainly find a tariff wall at the border with England. Her investment would fall. Her great traditional industries would lack markets. The new opportunities given to her by oil would wither."

An independent Scotland might not in fact retain control over North Sea oil. The Scottish Nationalist Party had promised a separate referendum in Shetland and the Orkneys and the islands might decide to become an autonomous province with control over the oil resources.

Russians in attack on U.K. companies

By David Lascelles, East European Correspondent

IN AN ATTACK on five leading British companies, the Soviet Union has charged that membership of the Common Market benefits only the multinationals.

In a Moscow Radio commentary, an official of the Soviet Foreign Trade Academy said that ICI, GKN, Tube Investments, British Leyland and Plessey were monopolies for whom continued membership of the EEC would be highly profitable because they owned factories in several EEC countries.

At the same time, the struggle for dominating positions in the Common Market was encouraging big companies to group together, leading to ever greater concentrations of capital.

In Britain, the official claimed, this process was now speeding up and the 50 biggest companies now held over 80 per cent of the shares of the 1,000 largest industrial companies in the country.

Callaghan predicts big Yes majority

BY JOHN HUNT

A BIG MAJORITY in favour of continued British membership of the Common Market on June 5 was forecast yesterday by Mr. James Callaghan, the Foreign Secretary, answering questions on the EEC in the Commons.

Mr. Callaghan was replying to Mr. Eldon Griffiths who, from the Conservative front bench, has criticised Ministers for speaking with different voices in answering questions on the Market.

Harmonious

The Foreign Secretary lightheartedly observed that the Opposition seemed to be enjoying this situation very much. But he predicted that after June 5—"as a result of the resounding Yes that I believe is likely to be given"—there would be a united harmonious, active and determined Government which would sweep all before it.

Replying to anti-Marketeers on his own benches, he said that he thought the electorate would be going willingly to the polls to return a very large majority in favour of staying in the Market.

He said that, although our trade deficit with the Community had gone up considerably it had risen no more proportionately than our deficit with other parts of the world. He was glad to see that this had now been confirmed by the latest report of the National Institute of Economic and Social Research.

The Foreign Secretary also denied allegations that the EEC was fostering a "cold war atmosphere" against the Eastern bloc. If anything, the position was the reverse.

Mr. Callaghan recalled that, at their recent meeting, the Commonwealth heads of Government had unanimously placed on record their firm opinion that Commonwealth interests were in no way prejudiced by Britain's continued membership of the Community.

REFERENDUM REPORT — THE EAST MIDLANDS

Eyewash by the side of the Erewash

Mr. Joe Ashton, MP for Bassetlaw, speaks at an anti-Market meeting at Nottingham. With him is Mr. Lionel Jacobs, a member of the ASTMS National Executive and chairman of the Midlands Against the Common Market Organisation.

IF THERE is one stretch of Britain's industrial heartland where the pro-Marketeers ought to be having it all their way, it is that part of the East Midlands around Derby and Nottingham and up the Erewash Valley through the Nottinghamshire coalfield towards Mansfield.

The miners here, working some of the industry's best and most prolific seams, have always taken a moderate line, and they are predominantly pro-Market. So is the next biggest union locally, the General and Municipal Workers. The local Transport and General Workers and the Engineers, by contrast, are standing aside—officially that is. All that the Get Britain Out Referendum Campaign has managed to obtain so far is individual offers of help and a spare room at the back of the TGWU offices in Nottingham, where the campaign's regional HQ is being run on a part-time basis by a local housewife and an Ilkeston councillor.

Local industrial leaders and businessmen are almost all pro-market. So, too, virtually to a man, are the local farmers. They have had their worries—over beef prices and French egg imports—but the local NFU cricket tour is being broken off on June 5 so that the team can get back to vote and, when the Norwegian Prime Minister came to the area last year, the Notts. NFU branch secretary was hard put to find even one anti-Market farmer he could talk to.

The pro-Marketeers have the money, by far the better organisation, and most of the local names. Last year the ten local constituencies returned eight Labour and two Conservative MPs—and all but two of the Labour MPs are pro-Market. The local Conservative machines are now pitching in under the Britain-in-Europe umbrella and so are most of the Liberals. On the Labour side, according to Mr. Michael Gallagher, the Labour chief whip on Nottinghamshire County Council and regional Britain-in-Europe chairman, at least half the "old hands at organisation, including many of the constituency agents," are working for the pro-side, while most of the other half are refusing to work for either.

Councillor Dennis Pettitt, the Labour leader of Brixtowe District Council and regional chairman of the Labour Committee for Europe, has no doubt that the area, like the whole East Mid'ands region, will return an overwhelming pro-market vote, although the local Labour and trade union votes might be closely balanced. A tradition of non-militancy and moderation—almost an instinctive conservatism—pervades the whole area. (Only now, 90 years after D. H. Lawrence was born hereabouts, are the locals talking about putting up some kind of commemorative mark.) As one party professional said, four years ago this area would probably have voted overwhelmingly for Britain to stay out of the EEC: it will still vote against change now—by voting for Britain to stay in.

And yet . . . and yet. . . . At local meetings and in local conversations it is the anti-Marketeers and their arguments which seem to be making most of the running. At factory meetings, such as at the Plessey plant in Beeston, the women are interested mainly in food prices. Most are convinced that food has gone up because Britain has joined the Community. The men want to know about job security. The sovereignty issue, which the local anti-Marketeers have been hammering away at, does not seem to cut much ice, except among dyed-in-the-wool Socialists who believe Community membership will stop them building their notion of Utopia in Britain.

But jobs are now the important local issue. This part of the East Midlands knows what prosperity can be like. Through diversification and specialisation, it had managed to secure a measure of insulation from the worst of the economic cycle—hosiery, knitwear, and clothing, cigarettes, pharmaceuticals, chemicals, and the lighter range of engineering around Nottingham, aerospace, railway equipment, metal fabrication, textiles, and engineering, mostly heavy, around Derby, and a host of widely varied industries, many of them fairly new, northwards along the Erewash Valley.

The rundown in the older part of the coalfield in the 1960s and the Rolls-Royce crash in 1971 shattered many assumptions. And the present recession is biting more deeply than people remember in the past or expected now. There is now short-time working and more unemployment. The textile industries complain bitterly about the flood of cheap Asian imports. Engineering, especially the capital goods side, is always the last to feel the cycle, and the myriad of local engineering subcontractors is now getting very short of work.

The local industries are pushing exports hard, which is one reason why they want Britain to stay in. But, apart from a few notable exceptions (like Mr. Alan Kershaw, president of the Nottingham-based Knitting Industries Federation, which represents the second largest knitting industry in Europe and hopes to make a "killing" in the Common Market), they prefer to keep out of the referendum argument. Regional policy is hardly mentioned. The Erewash Valley was declared an intermediate area in 1969 following the rundown in coal and has since become almost a text-book example of how local authorities and government, working together, can breathe new life into an area of industrial detritus and decline—over 100 new factories have been opened up on the Derbyshire side alone since 1973.

The Derby County Council has begun to prepare a case for financial aid from the Commission in Brussels and the local coal industry has received one cheap loan (1 per cent interest) for housing renovation and two more last week (at probably about 9 per cent.) for the redevelopment of the Parkgate seam at Thoresby and Ollerton collieries. But the miners are more interested in getting the same fringe benefits as their West German counterparts, especially the German retirement age of 55.

Some, at least, of the 750,000 local electors find the referendum issues too complex: they are now more confused than ever. What matters to most people is the price of food, the future of their jobs, and how the EEC will affect those things. At local meetings, the audiences—which have varied from four to well over 100—are quiet and non-partisan.

To what extent they are being given genuine information must at times be doubtful—some grotesque distortions are being perpetrated. Thus, there was Nottingham city councillor who blamed the EEC for the high interest rates that had ruined his housing revenue account, and the other anti-Market speaker at the same meeting who claimed that the people now telling Mr. James Callaghan what to say were the same as those who had advised Neville Chamberlain at Munich.

Perhaps Councillor Gallagher is right when he says that organisational strength will count in the end. So far he has managed to set up local Britain-in-Europe groups in all but two of the 48 constituencies in the East Midlands, and many have formed sub-groups for particular wards. They are all run on a multi-party basis — all but a tenth of their members are hardened activists from the three major political parties, with the Tories and Liberals leading in their best wards and Labour organisers in theirs.

With two weeks still to go they are concentrating on posters, literature, meetings, and canvassing. But what will matter, Councillor Gallagher and his fellow pro-Marketeers say, will be getting the vote out. As far as he can tell—I have the same impression — the antis "just haven't got the organisation or the troops to muster an organised vote."

"Unless they get a spontaneous vote—and I can't see that happening—in working class areas people find the market so complex that they look to someone else to make up their minds for them," he says. "The national pro-Market leaders have started their campaign . . . but you still need an organisation to go round on the day itself and in the evening and drag the vote out."

And afterwards? The consensus view on the Labour side seems to be that it will be up to the antis. If the vote is "yes" and the antis accept it, all well and good. But if they do not, one experienced hand told me, "local rank and file will not stand for it. They've got more common sense; they want to see an integrated, united movement. They have no time for the yapping and personalised arguments of the national leadership."

Colin Jones

Steel loan revelation under fire

A LABOUR MP yesterday attacked Mr. George Thomson, EEC Commissioner with special responsibility for regional affairs, for his choice of date to announce a £14m. loan from the EEC to protect jobs of steelworkers at Ebbw Vale.

Mr. Thomson, a former Labour Minister, made the announcement in Cardiff yesterday during a speaking campaign on behalf of continued membership of the Common Market.

Mr. Neil Kinnock, Labour MP for Bedwelty, said yesterday that the decision on the loan, for which application was made two years ago, was reached six months ago. In choosing yesterday to announce it, Mr. Thomson was giving all the appearance of it being a unique and generous offer by the Common Market to Ebbw Vale, in order to buy some pro-Market votes.

"I have no objection to the British Steel Corporation getting money wherever it can, especially at the favourable interest rates at which it is able to borrow from the EEC, but one must have very strong suspicions of the motive in making such an announcement to-day," said Mr. Kinnock.

"It is misrepresenting the situation and Mr. Thomson appears to be cynically using his position for promoting the very personal political opinions he holds.

"While he has got a perfect right to those opinions, he should not use his official position to peddle them."

Mr. Kinnock was formerly Parliamentary Private Secretary to anti-Marketeer Mr. Michael Foot, the Employment Secretary, who is MP for Ebbw Vale.

APPOINTMENTS

Senior positions at Caledonian Airways

Sir Peter Masefield, former chairman of the British Airports Authority, and one of this country's most experienced administrators in aviation, has been appointed a director of CALEDONIAN AIRWAYS, the parent company of British Caledonian Airways.

This was announced yesterday by Mr. Adam Thomson, chairman and managing director of Caledonian Airways, who also said that Sir Iain Stewart, one of Scotland's leading businessmen who is already a director of the airline, is to become deputy chairman of Caledonian Airways.

Sir Peter Masefield's post with Caledonian Airways will be a non-executive one, but he will bring to the airline a lifetime of experience in aviation, that has included the post of chief executive of British European Airways and managing director of Bristol Aircraft. Currently, he is on the Boards of Nationwide Building Society, Worldwide Estates and the London Transport Executive.

*

Mr. J. A. F. Binny, a director of TUBE INVESTMENTS, has been elected a deputy chairman. He is chairman and managing director of the Law Debenture Corporation and a deputy chairman of the National Westminster Bank.

*

Sir Jeremy Morse, deputy chairman of Lloyds Bank, has been appointed a director of LEGAL AND GENERAL ASSURANCE SOCIETY from June 1.

*

Mr. G. W. J. Trowbridge, deputy managing director of Wickman, has been elected president of the MACHINE TOOL TRADES ASSOCIATION. He succeeds Mr. A. M. C. Galliers-Pratt. Mr. W. R. Vaughan has become vice-president of the Association.

*

M. J. C. Haas and Mr. M. J. Hare have been appointed directors of LAZARD BROTHERS AND CO.

*

Mr. Peter Buckley has been appointed a director of MELDRUM INVESTMENT TRUST.

*

Mr. Grant Walshe has been appointed a local director for the Pall Mall District of BARCLAYS BANK.

*

Mr. C. F. M. Rawlinson, a director of Morgan Grenfell Holdings, has been appointed a director of MWP INCENTIVES.

*

Mr. D. J. Nielson, chairman and managing director of Palm Line, has been appointed chairman of the LONDON GENERAL SHIPOWNERS' SOCIETY in succession to Mr. D. A. Lloyd. The new deputy chairman is Mr. G. F. Bedford. Mr. J. D. Guthrie has become chairman of the agents' committee, and Mr. A. F. Taylor has been made vice-chairman. Mr. K. T. Hallpike succeeds Mr. S. G. Barned as secretary of the society.

*

Mr. L. D. Coe, general manager international insurance division of the COMMERCIAL UNION ASSURANCE COMPANY, will retire on August 31, and he will be succeeded by Mr. L. W. Hammick. Mr. Coe will continue with the company as a consultant on a part-time basis. Mr. Ian Heatley, presently on secondment to Commercial Union U.S. operations, will become general manager, Hibernian Insurance Company, in place of Mr. Hammick. Mr. M. A. G. Linck has been appointed deputy general manager, Central and Southern Europe Division, of Commercial Union. Mr. A. Bonner will be resigning his partnership with W. Greenwell and Co. on July 16 and will be joining Commercial Union as a deputy general manager, international insurance division.

*

Mr. A. Johnson has been appointed managing director of GR-STEIN REFRACTORIES. Mr. R. A. Gascoyne has been made commercial director in charge of U.K. and export sales and Mr. T. S. Abercromby has become operations director. Mr. M. Dick has been appointed production director, North. Managerial changes include Mr. J. G. Watson to general sales manager—U.K., and Mr. J. C. Maynard to general manager of the Monolithics Division.

The parent concern is Hepworth Ceramic Holdings.

*

Mr. Geoffrey Meadowcroft has been appointed vice-president international operations for SANDERS DATA SYSTEMS INC. of Nashua, U.S. He joined Sanders from IBM in 1969, was appointed managing director of the U.K. subsidiary, Sanders Data Systems, in January, 1973. Mr. Meadowcroft will continue to be based in London and reports to Mr. John M. Nisbet who has been appointed to the newly created position of vice-president marketing.

*

Mr. Anthony B. Hargreaves has been appointed to the Board of ROCKWARE GROUP as finance director from June 1. Previously he was finance controller for the group.

*

Mr. Ray V. Jurich has been elected vice-president, COOPER LABORATORIES INTERNATIONAL INC. He is currently managing director of four Cooper companies in the U.K.

*

Mr. J. H. Tucker, the divisional personnel development manager of ASSOCIATED BISCUITS, has joined the Board as its divisional personnel director. The company is a subsidiary of Associated Biscuit Manufacturers.

PARLIAMENT

Assembly line sympathy

BY PHILIP RAWSTORNE

AFTER Mr. Harold Wilson's strictures on the car workers, Mr. Anthony Wedgwood Benn yesterday gave them sympathy.

Not that he wanted to be provocative, he emphasised in the Commons as he presented the controversial rescue package for British Leyland. But those who called on the car workers to re-examine their attitudes might profit from examining their own.

"I am amazed," he said, "that this body of workers should be so reviled and attacked."

Locked to the assembly line, the "most dehumanising places known to man," yet they made a major contribution to the country's economic life.

British Leyland's workforce and trade unions recognised that substantial changes were needed and were anxious to play their part, said Mr. Benn.

But—again in spite of the Prime Minister's insistence that their contribution would be closely monitored—the Industry Secretary dismissed any idea that "copper-bottomed" guarantees of co-operation should be obtained before Government money was spent.

If British Leyland have been denied sustenance, the Midlands could have rapidly become an industrial desert, he declared.

The whole of British industry was in a spiral of decline that had to be reversed by investment and new spirit if Britain were not to be "de-industrialised."

A new Secretary for Industry might also help in that process, Mr. Michael Heseltine suggested from the Tory front bench.

Intent on being as provocative as he could, Mr. Heseltine roused the anger of the Labour Left, if not of Mr. Benn himself, by charging him with having a "vested interest in causing dissention."

Before verbosity led him into vacuity, Mr. Heseltine punctured some of Mr. Benn's pretensions with a few sharp points.

The Government had accepted the "most ambitious and most expensive" proposals of the Ryder report without any real examination of alternative strategies, he claimed.

Some of the Ryder assumptions were "wildly optimistic"—a doubling of British Leyland's sales in Europe by 1981 and a level of profit four times higher than the company had ever achieved in its history.

And not least, said Mr. Heseltine, savouring the irony, the company's whole future would depend on the British people ignoring Mr. Benn's advice to withdraw from the Common Market.

"Why are you such a dismal Jimmy?" asked Mr. Sydney Bidwell, from the Labour backbenches. No one wished to spread alarm and despondency, Mr. Heseltine retorted, but it would have been better to have dealt frankly with the employment problem and trimmed the company to a smaller but profitable base.

Ashley wins 211 majority for rape law change

THE SEXUAL Offences (Amendment) Bill to change the law relating to rape, sponsored by Mr. Jack Ashley (Lab. Stoke S) was given a first reading in the Commons yesterday by 228 votes to 17—a majority of 211.

Mr. Ashley said that he was bringing in his Bill following the recent Law Lords controversial ruling on "belief of consent."

He added: "The simple theme of my Bill is that a man's belief that the woman consented should only be considered if it is put forward on reasonable grounds. To consider a belief based on unreasonable grounds, as the present law does, is to belittle the victim and defend the rapist."

Juries would be doubtful of convicting a rapist now that it was abundantly clear that he needed no reasonable grounds for holding any belief, however bizarre it might be.

Doubt was a formidable weapon in the hands of a defence counsel already well armed and well able to demolish the most respectable woman in the witness box.

Many women were already reluctant to report rape. They would be even more unwilling to come forward now.

"The victim of rape must endure not only police interrogation, medical examination, counsels' cross-examination, but she must also now listen to the rapist claim his 'belief' on unreasonable grounds that he thought she was willing."

The effect of the legal judgment would be to accelerate the increase in the number of rapes.

The Bill was opposed by another Labour MP, Mr. John Lee (Handsworth), who said that it seemed to be relaxing the burden of proof in relation to a serious crime.

It was also relaxing, to some measure, the degree of scrutiny to which a witness was subject when making an allegation in relation to the offence.

"The law is perfectly adequate as it stands. The Lords' decision is not a licence for a sophisticated rapist," he said.

'Spectre of a desert'

BANKRUPTCY for British Leyland would have been totally irresponsible, Industry Secretary Mr. Anthony Wedgwood Benn, said in the Commons yesterday.

Moving the second reading of the British Leyland Bill, Mr. Benn recalled that the Prime Minister had said there were something like one million jobs at stake.

"The Midlands has hanging over it the spectre of becoming a development area—an industrial desert—and if British Leyland had been allowed to go into liquidation, that danger would have become a great deal more real."

It was always open to a firm, by ruthless chopping of its uneconomic activities, to restore itself to profitability. But that vacuum would have led to a huge flood of motor cars from abroad, which were already running at a hair-raising level.

Mr. Benn stressed that it was urgent to get the new investment going. Looking beyond the immediate issues raised in the Bill, the Government was ready to make a further £500m. of capital available from 1976-78, coming from the Industry Act and tranches available under the new Industry Bill through the National Enterprise Board.

The further capital would be adjusted as seemed necessary to see that with the substantial investment of public money there was majority control of the company. Working relationships lay "at the very heart of the prospects for success for this enterprise." The trade unions and the workforce recognised that substantial changes needed to be made and their anxieties were for new machinery through which they could play a successful part in the development of the company.

The attitude of the nation towards motor vehicle workers should be examined. "Members of this House who represent car constituencies will know that these manufacturing plants are among the most dehumanising places known to man.

"It was not for nothing that Charlie Chaplin, years ago, demonstrated, by comedy and insight, the tragedy of those people who are locked into the great production plants. I am amazed that this body of workers who contribute £1.8bn. of exports a year, should be so reviled and attacked in the society in which we live."

But for whatever reason, it was astonishing that the Press and television and radio — and notably the BBC — had yet to find programmes recognising the contribution made by car workers — and the dockers.

Amid laughter from Opposition benches, Mr. Benn commented: "I am not saying this provocatively, but if a one-thousandth part of BBC time was given to industrial disease, or industrial accidents, or the use of out-dated plant that is given to work stoppages, then perhaps we should not have had to wait for the Ryder report to find out why we are falling behind our competitors."

Mr. Benn added: "For example, the Cowley engine tuners had a dispute. It sold newspapers for weeks, but I had to search very hard in order to find a quarter of an inch on the back page of the Financial Times, some weeks later, to learn that they had won their case through arbitration.

"It is a very curious thing that, with the marvellous means of mass communication at our disposal, we should have to wait for the Ryder report to tell us that at the heart of the trouble in the motor industry were bad facilities for the people working in the factories, together with lack of investment."

Mr. Benn said that decline in British manufacturing industry had been accelerating in recent years. If the spiral was not reversed by investment and a new spirit in industry, it would "de-industrialise" the U.K.

"I fear that when the upturn of world trade comes, we shall have so demobilised manufacturing industry that we shall not be able to take advantage of the upturn." There had to be a substantial increase in investment as well as support for great manufacturing traditions.

Rhodesia talks warning

By John Hunt

A WARNING that talks on Rhodesia's constitution could not proceed until a substantial number of African detainees have been released by the Rhodesian Government, was given yesterday by Mr. James Callaghan, Foreign Secretary.

Asked in the Commons to make a statement on the Rhodesian situation he said that he was considering the next step to be taken and hoped to make a statement in the near future.

Mr. Jo Grimond (Lib., Orkney and Shetland) reminded him that there were still 300 people in detention in Rhodesia and wanted to know what steps the Government was taking to get them released.

Mr. Callaghan told him that Britain had made continued representations to the Rhodesians about this. "In our judgment these talks on the constitution will not proceed until progress has been made of a very substantial nature in releasing those who are now detained," he declared.

Wildly optimistic assumptions

OPPOSITION Industry spokesman, Mr. Michael Heseltine, said that Mr. Benn, when describing Britain's deteriorating industrial position, seemed divorced from the impact his own speeches made on the people who took decisions affecting the prosperity and livelihoods of working people.

Mr. Heseltine said: "Whichever way you look at the possible solutions to the British Leyland problem, one million jobs could, in no conceivable situation, disappear or be in danger."

To talk in such language was completely misunderstanding the situation, unless the object was to try to appeal to people who wanted to be given political platitudes to feed their convictions.

Perhaps the most staggering revelation was that Mr. Benn could not answer questions on the way in which the Ryder team had reached its strategy.

It was incredible that £2.8bn. could have been recommended, yet Mr. Benn not only did not know what the alternatives were —he had never asked. "In other words he has never even done the basic homework which any responsible Minister in any Government department would do."

There was no evidence that any alternative strategy had been properly costed or properly examined. "Parliament is not in a position to examine the implications of the Ryder report."

The Ryder target for Leyland cars was for a doubling of sales to Europe by 1985 which seemed to be wildly optimistic. "Everyone, except Mr. Benn, knows that the Ryder estimates are based on this country staying in the Common Market."

U.K. commitments 'at proper level for medium-rank power'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT yesterday sought to allay Opposition anxieties that the proposed £4.7bn. defence cuts over the next ten years would leave Britain's interests less than adequately protected.

Lord Shepherd, Leader of the Lords, stressed that decisions over the cuts had only been taken after extensive consultations with our allies.

What the Government had done, he said, when peers debated defence, was to reduce Britain's commitments to the proper level for those of an advanced, but medium-ranking, power.

It was pointed out that savings at home could be achieved if the Government drew back from investment in ailing firms. But Lord Shepherd insisted that such a policy could only be pursued at great cost to the nation.

If Ferranti had been allowed to go into receivership, for instance, the defence equipment it supplied to the Services would have been in dire peril.

Doubts that sufficient protection was to be allocated for our off-shore installations were also rejected by Lord Shepherd. The Government was fully away of the needs here, he maintained.

"There is no essential difference between any threat of attack on our offshore installations by some foreign power and a threat of attack on the territory of the U.K."

The cuts had been agreed with no illusions about the current strength of the Warsaw Pact forces. But, on the political front, the pressure was still on efforts to get detente between East and West, and the Minister believed that useful progress was being made in the negotiations for mutual and balanced force reductions in central Europe.

From the Opposition front bench, Lord Balniel made it clear that he was unimpressed by these assurances. He urged the Government to realise the full extent to which the Soviets were increasing their power, mobility and deployment of forces.

NATO was outnumbered by the Warsaw Pact formations, and while we and our allies were defence-orientated, the Soviets grouped their forces with attack as the policy basis.

While Russia was improving its flexibility and developing its power to influence decisions all over the world—not least in the Middle East — Britain was markedly reducing its flexibility, Lord Balniel contended.

Hattersley protests to Turks

By John Hunt

MR. ROY HATTERSLEY, Minister of State in the Foreign Office, flew to Ankara yesterday with instructions to protest to the Turkish Government about the way it has treated British residents in Cyprus.

Announcing this in the Commons earlier in the day, Mr. James Callaghan, Foreign Secretary, said that he had asked Mr. Hattersley to inform the Turkish Government of his dissatisfaction in the matter and to discuss remedies with them.

He told MPs: "I regret to say that the position of British residents in the Turkish occupied area of Cyprus is not satisfactory.

"Despite frequent representations both to the local authorities in Cyprus and to the Turkish Government satisfaction has not been received for damage or loss of the homes and possessions of British residents."

Defence spending 'best planned over 10 years'

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

DESPITE THE need for occasional short-term cuts in spending to meet changing conditions, the Government believes that defence should continue to be planned ahead over a ten-year period. This, it says, allows for the long time-scale required to develop major weapons systems.

Answering criticisms of the defence review made by the Commons Expenditure Committee, the Government argues that the rate of growth of potential gross national product over ten years should be less uncertain than forecasts of year-to-year rates of change in actual GNP.

The committee had claimed that the review was based on projections of economic growth which might prove optimistic.

Commenting on new equipment, the Government says that a decision on the Hawkswing anti-tank weapon will be taken in the near future. A decision on producing an airborne early warning aircraft "is unlikely before this time next year."

On the committee's suggestion that efforts should be made to sell the multi-role combat aircraft (MRCA) outside the three partner countries, the Government says sales promotion is now under way "and several countries are already evaluating MRCA against their future requirements."

The Government also stresses that it will continue to try to find savings in defence spending by collaboration with other countries wherever possible. The U.K., the U.S. and West Germany, says, are studying funtre tank guns and ammunition.

Responding to the committee's criticism that the actual savings which might result from the defence review could vary considerably from those estimated, the Government says it is "determined to ensure that the savings required to bring total defence expenditure down to agreed financial targets will be made."

Defence Expenditure—Government Observations on Second Report from Expenditure Committee, Command 6072, SO, 26p net.

Evidence on memoirs

By John Bourne, Lobby Editor

THE RADCLIFFE Committee of Privy Councillors on the publication of Ministerial memoirs is inviting written evidence.

Any person or organisation wishing to send a memorandum should send it to the Secretary, Committee of Privy Councillors on Ministerial Memoirs, 70, Whitehall, S.W.1, before the end of June. Any submission will be treated in confidence unless otherwise agreed.

Submarines allowed for Chile

By John Hunt

MR. JAMES CALLAGHAN, the Foreign Secretary, told the Commons yesterday that he intends to allow Chile to receive the two submarines which were ordered by an earlier Chilean government and are now docked at Greenock.

He added that no new export licences for arms to Chile were being granted with the exception of spares and equipment relating to existing contracts.

Workers claim Massey Ferguson planned strike

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

A ROW has broken out at the strike-hit Massey-Ferguson plant in Coventry over the discovery of a document which, the strikers say, shows the company planned the dispute.

A company spokesman said yesterday that the document was a "theoretical study" of production made 13 months ago and taking into account a month-long strike in May this year.

"It was just one of a series of projections we carry out," he said. "We must take into account possibilities of disputes either at outside suppliers or inside the plant."

He added that, at the beginning of the year, workers were told that the 1975 production programme called for 55,000 assembled tractors out of a total of 90,000 tractor sets. It had been agreed to work eight hours overtime a week to achieve the programme.

More bitterness entered the two-week-old pay strike yesterday when pickets at the factory—now completely shut down—were accused by management of illegally occupying office buildings, petty theft, stopping staff and searching briefcases.

Mr. Roland Jennings, managing director, has sent letters to all the strikers and Mr. George Butler, assistant district organiser of the Amalgamated Union of Engineering Workers has promised to write to the conveners at the plant over picketing arrangements.

Sporadic picketing also of local hotels from which some 200 staff are having to work has caused bitterness to mount further in the strike, which is by all 4,500 production workers.

The strikers have rejected the company's last pay offer, equivalent to an average of £7.44 a week, but going up to £9.00 in some instances through restructuring.

This compares with other settlements at Coventry engineering plants this year of £4—£10.50 a week.

All Massey-Ferguson U.K. plants, including the Perkins Engines subsidiary at Peterborough, now have the same starting date for wage contracts—April 1.

Only Manchester, the next biggest operation, employing 1,700 on agricultural equipment, has not concluded an agreement and is obviously waiting to see the outcome at Coventry.

In 1973, Perkins Engines was on strike for 11 weeks over pay parity. The company, besides awarding hefty increases, promised to take differentials into consideration.

Obviously, it is worried in case the Coventry situation should lead to leapfrogging at other plants where it has not been easy to establish harmony. The company says the strike is costing £600,000 a day in lost sales revenues.

Newsmen reject NUJ move on editors

FLEET STREET journalists have come out against the move to force editors to join the National Union of Journalists.

Central London branch—to which most Fleet Street newsmen belong—yesterday passed a motion rejecting the Annual Delegates Meeting decision to make editors join the union. union.

The motion said: "There are no conceivable circumstances at the present time under which our Chapels would be prepared to accept an instruction from the National Executive Committee, or elsewhere, to withdraw their labour in order to force editors to join the union and accept its discipline."

The motion added that the branch accepted the principle of 100 per cent. post-entry membership of the NUJ and believed this should be sought by democratic means. They also thought that an editor who chose to join the NUJ should not act against the members' interests.

The motion also states: "The branch will not be a party to any attempt to censor, distort, or suppress, any editorial material. The branch states its conviction that newspapers should always be free to open their columns to occasional articles from non-journalists where—in the opinion of the editor—they make a worthwhile contribution to public debate."

Five clearing banks to improve pay offer from 20 to 22.5%

BY OUR LABOUR STAFF

THE FIVE major clearing banks are planning to improve a pay offer to their 180,000 employees from 20 to 22.5 per cent. at the next round of negotiations to-morrow, in line with the latst calculations of the movement of the Retail Price Index.

At a meeting earlier this month, the employees' representatives rejected the 20 per cent. offer because they claim that by the end of June, when the new agreement is to come into force, the annual rate of increase in the index will have gathered speed.

The employers' new offer, calculated after the publication of the April index, would tend to support that argument, but leaders of the banks' staff associations refused to predict yesterday what attitude they would take to-morrow.

However, the National Union of Bank Employees, which has pursued a much more militant line over pay than the staff associations, is expected to demand that the rise should cover at least the June-to-June increase in the cost of living, which it expects to be as high as 25 per cent.

Disagreement between NUBE and the staff associations over the offer could encourage NUBE to further question the wisdom of negotiating jointly with the staff associations and, according to Mr. Cecil Mills, general secretary, could induce the union to try to go it alone next year, although it represents less than half of the English clearing bank employees.

In the meantime, NUBE said yesterday that it had formally signed an agency shop agreement with Yorkshire Bank, covering the 2,800-strong managerial, clerical and non-clerical staff.

Under the Industrial Relations Act, NUBE had a number of agency shop agreements with different groups of banks, which have become void with the repeal of the Act. The union is now trying to turn them into contractual agreements.

UNION SEEKS PROTECTION OVER GLASS 'DUMPING'

Union leaders will demand Government action to protect the glass industry — in particular Pilkington—against "dumping" by overseas competitors when they meet Mr. Anthony Wedgwood Benn, Industry Secretary, to-morrow.

Mr. David Basnett, general secretary of the General and Municipal Workers Union, will lead a deputation worried at the prospect of redundancies in the industry.

Scottish miners seek £100

SCOTTISH MINERS yesterday demanded £100 for skilled men working at the coalface and with the demand went a warning that they are prepared for battle to get it.

The resolution calling for the £100 skilled miner was passed unanimously at the annual conference in Kirkcaldy, Fife, of the Scottish Colliery Enginemen, Boilermen and Tradesmen's Association—a section of the National Union of Mineworkers.

The conference also demanded that, whatever miners' wages might be, skilled men working in the same situations as unskilled men should receive a "plus" payment in recognition of their skills. And they warned that the skilled men were preparing for a struggle within the NUM for recognition for "technical know-how."

Moving the motion on wages, Mr. Abe Moffat, of Musselburgh, said that with the average wage in the country being £59, it was not too much to ask for £100 for the miners.

The strongest warning of inner conflict in the NUM came from Mr. Tom Dair, of Cowdenbeath, Fife, who said: "We are tired of the NUM throwing out a sop to craftsmen when it suits their purpose to diminish any struggle for recognition of craftsmen."

Problem for Electrolux over equal pay plan

PRODUCTION in Britain of Electrolux, the Swedish-owned electrical company, has stopped because of a strike over the company's plans for the introduction of equal pay.

The 1,400 workers at the company's factory in Luton, which produces refrigerators and vacuum cleaners, includes some 850 women. It is the men who are upset, because they fear that the company may try to downgrade them while improving the women's pay.

In order to comply with the equal pay act, Electrolux is proposing to introduce a new minimum rate in the semi-skilled grade below what many men are earning at the moment. The company claims that nobody will be allowed to lose earnings as a result of the new grading, but its assurances have not convinced the workers.

No talks are planned at the moment to end the strike, now in its second week.

TUC anxiety on pickets and sex discrimination

BY OUR LABOUR CORRESPONDENT

THE TUC is to seek a further meeting with the Home Secretary over the jailed "Shrewsbury Two" building pickets, and is to write to Mr. Michael Foot, Employment Secretary, expressing concern at recent amendments to the Sex Discrimination Bill.

A meeting yesterday of the TUC general council decided to draw the attention of Mr. Roy Jenkins, the Home Secretary, to the urgent need for special reviews of the cases of the two pickets, following the decision of the parole board not to recommend parole for them at present.

They will also raise the question of the use of criminal conspiracy charges in trade disputes, and the definition of "intimidation" and "unlawful assembly" in that context.

On the Sex Discrimination Bill, the TUC is concerned about amendments, carried earlier this week, which abolish the restrictions on hours of employment of women and young people and which transfer the onus of proof in cases of alleged discrimination to the complainant instead of the respondent.

Little Neddy criticises hotels

BY ARTHUR SANDLES

THE BRITISH hotel and catering industry comes in for some severe criticism over its manpower policy in a Catering Little Neddy report out to-day. The report calls for action in a range of areas, including payments and labour relations.

The report is couched in polite terms, but the message it carries is unmistakable. On pay, it says: "Given the prevalence of low pay in the industry, the scope for improved utilisation of labour should be explored with a view to absorbing the cost of raising pay levels, including that resulting from the introduction of equal pay for women."

It urges the industry to do its best to avoid split shift working, which it admits is a difficult task. "Where split shifts, or early or late turns, are worked, the shift premia should be made explicit."

Hoteliers and restaurant owners are asked to pay more attention to retaining their staff and thus reducing the floating nature of the industry's working population. "In the longer term managers should know enough about the individual members of their staff and the conditions under which they work to be able to make judgments about the stresses to which they are subject.

"This may mean setting aside time for regular discussion with staff to review their progress."

The report also recommends that, to encourage the development of collective bargaining, staff should be encouraged to join a trade union if they wish, and trade unions should be given facilities for recruitment.

Some representatives of the employers were unable to accept that management should be expected to do more than respect the right of staff to join a trade union. The Catering EDC says that this is one of the points on which discussion in the industry is necessary.

As a next move, the Little Neddy is proposing to run meetings of employers, unions and other interested bodies at national and regional level.

"The EDC is also planning a detailed study of the ways in which labour retention may be increased and further measures to assist the industry to cope with the economic and social changes affecting employment."

Manpower Policy in the Hotels and Restaurant Industry — research findings, £2.60. Short summary, free. Neddy Books, Millbank Tower, Millbank, London SW1P 4QX.

Haines quits AGB

● DICK HAINES, who came to AGB the research company as group chief executive, from Plessey, has left to return to engineering. He is not being replaced. The research industry tends to be difficult for outsiders to infiltrate and Haines' departure leaves the ingrained research men very much in control.

Audley Gapper and Brown, the original AGB, will continue as joint managing directors of the publicly quoted company, and Haines job of running the Audits division will be shared between four directors, Frankel, Buck, Scott and Chapman.

● FOLLOWING its success with Rise'n' Shine, an orange flavour in a sachet which converts to a drink, Kelloggs is following the same principal with Two Shakes, although in this case you add milk to form a milk shake. The brand is being tested in the Granada TV region with advertising by JWT to the national equivalent of £200,000.

● RECKITT AND COLEMAN is moving its Robinsons Baby Food brand from Young and Rubicam to JWT.

● SAATCHI and Saatchi is to handle the advertising for El Cid Sherry. Its producers, Duff Gordon, aim to spend around £300,000 over the next 18 months. The account was with Geers Gross.

● YET another record company has changed agencies. Magnet Records has chosen Offord Youlten to handle a £50,000 plus account.

● FOSTER Turner and Benson has plugged the gaps in its PR wing by acquiring Francis, Thorold, the financial PR company. Francis, Thorold will retain its identity, but the two principals become head and deputy head of PR at Foster Turner and Benson.

● LEO BURNETT has won the National Tourist Organisation of Greece account, worth £245,000. This includes promoting Greece for the U.K. holiday market, but does not include advertising for Olympic.

● AYER BARKER Hegemann International is gaining a new partner, the Dutch agency Moussault B.V. Moussault has offices in Amsterdam and Antwerp, and will change its name to Moussault ABH International.

ABH has also won more business from George Bassett and its subsidiary company Barratt. The agency is taking on more children's confectionery advertising including wine gums, sherbet fountains and sweet cigarettes.

● THE OFFICIAL merger of Spar and Vivo takes place on Monday, when all 1,200 Vivo grocers will start trading under the Spar name. This makes Spar the largest voluntary group in Britain, with 4,000 shops commanding 4½ per cent. of the grocery market.

● TREXAPALM, a newly formed London based company, has acquired from MCA the European franchise on the Kojak brand name for lollies. Apparently boot-leg Kojak lollies have been circulating but in future Trexapalm have the genuine article, and plan to make a marketing splash of the fact the next time Telly Savalas comes to the U.K.

● WELLS O'BRIEN has been chosen by Inter-Continental Hotels to handle the advertising for its new hotel on Hyde Park Corner, opening next month. About £125,000 will be spent above and below the line in a year.

● CRANFIELD SCHOOL of MANAGEMENT is inaugurating a very topical marketing course from June 15-20. Called the Senior European Marketing Programme it is designed for senior executives responsible for exporting to Europe, and aims to improve the U.K.'s less than brilliant performance. The course costs £180, is limited to 18 participants, and covers matters like Logistics, Advertising, Research, Foreign Exchange, Product Policy, etc.

● BENTON AND BOWLES has bought a controlling interest in Hoydahl Ohme, Norway's fourth largest advertising agency with billings of 8.5m. dollars. It will now be known as Benton and Bowles/HO.

JWT view of 1974

J. WALTER THOMPSON is different from other advertising agencies. It shows this through such features as an elaborate annual look at the agency and the industry. Its report for 1974 suggests a year which ended better than it began: billing was down 20 per cent. in the first quarter, but a record October enabled the agency to finish the year just £1.8m. below the record 1973 figure of £41.8m.

But the booklet is also interesting for its information about the advertising industry. JWT says that on average last year TV time was available at 20 per cent. less than rate card (although JWT claims to have got discounts of 26 per cent.). There was a revival at the end of the year when TV actually cost more than in 1973, but last January it was still 10 per cent. cheaper than a year earlier, at least for JWT clients. With looks at radio, outdoor, packaging, and below the line JWT Britain 1974 is a useful industry guide.

The Marketing Scene

SPONSORSHIP

Dunhill has doubts

BY ANTONY THORNCROFT

DUNHILL IS believed to be having doubts about its sponsorship of the Dunhill International show jumping at Olympia next December. It may save itself £75,000 by withdrawing but it will give up an association with an event which in its short two years of existence has achieved guaranteed television coverage and almost capacity audiences. But these days, especially after the Budget, tobacco companies like Carreras, which makes Dunhill, have to watch more than their pennies.

Any decision by Dunhill will be a blow for British Equestrian Promotions, the company formally established in January which aims to find commercial sponsors for equestrian events, such as horse shows, cross country, and dressage. It is distinctive in being a sponsorship company that not only concentrates on one sport but also is mainly owned by the official equestrian bodies, the British Horse Society and British Show-jumping Association. The other shareholder is managing director, Raymond Brooks-Ward.

Brooks-Ward is hopeful of keeping the Olympia event alive with another sponsor, and draws encouragement from the fact that horsey events are still tops with sponsors. Racing, which depends on the Racing Information Bureau to advise potential helpers, gets around £2m. a year, and the newer activities, such as show jumping, already receive a respectable £450,000 a year.

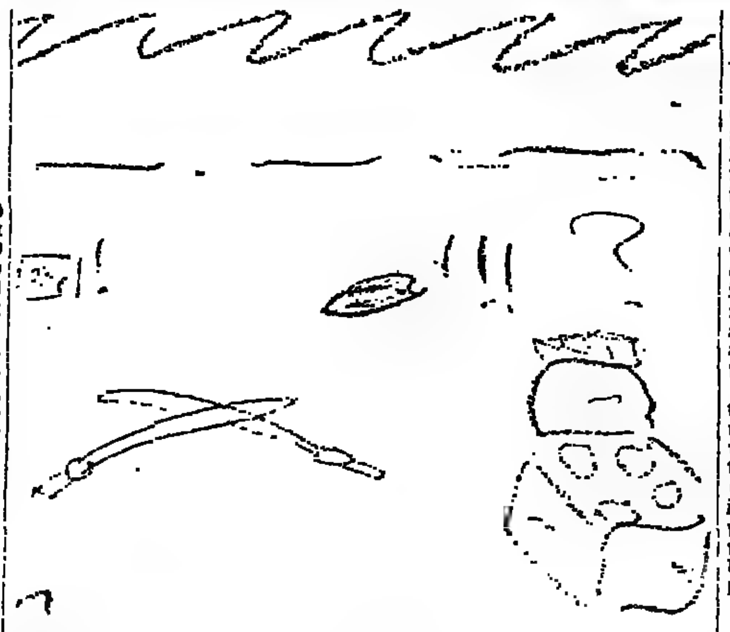
Most of the money comes from sponsors anxious to add their names to such major televised occasions as the Horse of the Year Show. But Brooks-Ward is determined that no one should support equestrian activities solely for the publicity. A few traditional helpers contribute only to events at the big occasions, but any new entrant must supplement the £3,000 which secures a prime TV spot with perhaps another £12,000 devoted over the season to equestrian events at the local level, so encouraging the sport at the grass-roots.

A good example is the £40,000 that John Pinches, the coin company, is investing in dressage, one area of the equestrian life which has yet to be fully exploited. Just as Midland Bank has done well out of supporting horse trials in the days before Princess Anne made it her sport, so John Pinches hopes that dressage will prosper and eventually merit TV coverage.

Esoteric

And there are even more esoteric possibilities. Barclays Bank is sponsoring the Four-in-Hand competition at Windsor (although the national championships at Cirencester are still wanting help this year), and most rarefied of all Bernard Thorpe and Partners, the estate agents, is helping out on the Triathlon, where teams have to show their skills in a more controlled form of buntin', shootin' and fishin'—to wit, shooting clay pigeons, casting flies, and simulating a hunt.

Since the number of people riding stretches into the millions equestrian sponsorship is no longer an upmarket extravagance for reaching opinion formers or a personal whim of the chairman. In a year where more and more companies are looking hard at their sponsorship commitments British Equestrian Promotions is probably on the right track in playing straight, and seeking help to encourage future growth for horse sport rather than dangling immediate TV exposure before the eyes of sceptical advertisers.



The time for chocs

BY ANTONY THORNCROFT

ON THE face of it this is a bad time to launch a new line in lavishly boxed chocolates, or a particularly luxurious scent. Not a bit of it, according to CRAM, the research company which specialises in informing companies about the basic, well-embedded, attitudes of consumers. Women especially want the small treats these days to keep them going. It is the big extravagances that are being rejected.

CRAM concentrates on qualitative research, a sector which has grown, against the trend, in the past year. Through over a thousand group discussions, and even more depth interviews, CRAM attempts to discover the underlying hopes and fears of the nation. Regular surveys of housewives began just over a year ago and emphasised hysteria and panic. Now housewives have come to terms with the economic crisis.

The illustration, a drawing by a housewife showing how she feels about shopping, reflects the tensions—and the solution. The wiggly line is taken by the psychologists to mean frustration; the dots, the stop-go nature of shopping; and crossed swords her relationship with the retailer; and the stove a possible way out—a reversion back to home cooking. CRAM gets its guinea pigs to draw their emotions rather than verbalise them—a process which would lead to a mass of contradictions. It also goes some way towards encounter groups, getting participants to feel each other in the interests of relaxation and individual well-being. Then the interviewer will turn the conversation towards shampoos, or what have you, and get a genuine gut reaction.

Such deep, qualitative, enquiry is particularly useful when companies want to know why a product has suddenly stopped selling, and the more conventional means of research fail to come up with an adequate explanation. Although the methods may seem far removed from the market place and discussions can produce quite practical results. When a group was asked to draw its attitude to garden weeds a substantial minority portrayed weeds in a sympathetic sense, so that a company introduced a new product not as a brutal weed killer but as a more kindly weed controller.

This form of market research must differentiate between consumers. The studies on middle class participants produces very worried, very uncertain, reactions, while other sections such as women in the C2/D economic category are actually experiencing an improvement in their material position through the equal pay legislation, etc. Then interpretive research can suggest how they will spend their surplus income.

Among the particular groups recently studied by CRAM is doctors, and, since it is trying to get involved in qualitative research in the medical field, it is offering the findings for a bargain £25. The study indicates that doctors are very concerned about the state of the economy and the National Health Service. On the one hand they are prescribing cheaper drugs and responding to a more down-to-earth advertising approach from the pharmaceutical companies: on the other, they are economising in the home while maintaining their traditional hobbies, and their visible place in society.

April TV good but...

ON the face of it April was another better month for the ITV companies, with advertising revenue 24 per cent. higher than in April 1974 at £15.6m. But, of course, this is an impossible comparison since April last year was one of the worst months ever. A more telling comparison is with April 1973 which shows revenue now 5.8 per cent. higher, a paltry rise in income when set against the cost inflation of the past two years.

Although things are going better for the contractors than they might have imagined in the winter, there is little chance of their meeting the full wage claims of the unions in the industry, and if the plugs are pulled out this week-end as threatened in the dispute over back pay, ITV could be in for a protracted dispute. Perhaps this is why advertisers are chary of committing money to June—bookings at the moment are very light.

The companies have now accepted late booking as a way of life, and are attempting to make the best of it by re-introducing early booking discounts for advertisers. Trident TV has just announced such a scheme in its summer rate card for the first time for four years.

But if the summer looks difficult the contractors report that the big packaged goods advertisers, who have been spending less on television in the past year, hope to have larger budgets for the second half of 1975 so if nothing untoward happens the autumn may build on the better-than-expected, if still far from buoyant, spring.

A.T.

Salesman's aid

BY PHILIP KLEINMAN

ANYONE who visits the ISBA exhibition of advertising at Reed House is bound to notice the enjoyable litle reel of old Esso commercials running in a corner of the display area. Noticeable, too, is the fact that the screen on which they appear is not that of a television set but of a compact device known in the trade as a desk projector.

A desk projector is the size of an attaché case and, with the screen folded away, looks just like one. Typically it weighs 17 lb, has an 8½-inch x 11¼-inch screen and takes a cartridge of super 8 mm. film. The device has been around for a few years, but only recently has British industry begun to wake up to its potential as a marketing tool.

If a manufacturing company has a complicated sales story to tell, or one which requires a visual demonstration, it can make its reps' job a lot easier by putting that story or that demonstration into a film of up to 10 minutes. The rep then has only to stick his desk projector on the table in front of the dealer, open it up, plug in and sit back while the latter watches and listens enthralled.

That at any rate is the theory. In practice success is likely to depend on the effectiveness of the film shown. One firm which is convinced of the desk projector's usefulness as a sales aid is ICI. The Paints Division spent £17,500 on equipping 70 reps with desk projectors to launch its new Dulux Silthane Silk paint into the retail trade.

ICI spent another £15,000 (including the cost of prints) on an excellent demonstration film called *Burke on Paint*, made by World Wide Pictures and featuring BBC science reporter James Burke. Two versions were produced: one 16mm film, lasting 20 minutes, for large trade meetings: the other, 8mm version, lasting under nine minutes, was given to the reps to put in their portable cinemas.

Without giving away any figures, ICI says it has achieved its target for selling in of the new brand.

Another company which has started to use desk projectors on a large scale is Merck, Sharp and Dohme, which claims the biggest share of the U.K. ethical pharmaceuticals market. A year ago it had 25 of the machines, now it is busy equipping all its 100 reps with them.

Len Rogers, of MSD's publicity department, points out that a short film, shown to him in his own surgery, is an ideal way of conveying specialised information to a busy doctor. He insists, too, on the importance of having films made by production companies which understand the limitations of the very small screen.

Desk projectors are also becoming widely used for training purposes. Bass Charrington, for instance, has bought a number with which to initiate pub staff into the mysteries of bartending.

Less frequently desk projectors are used for in-store demonstrations to the public. ICI has been showing a World Wide film for Novamura wall coverings in this way and intends doing the same with a film made by Cygnet about Dulux Carpet Squares.

Courtaulds is hiring half a dozen desk projectors to instruct customers at stores like Debenhams about the advantages of Celon. But it is one of the firms yet to be convinced of the value of supplying reps with the machines, which it regards as suited to sales forces either of limited intelligence or who have to deal with a complicated product, impossible to explain by word of mouth.

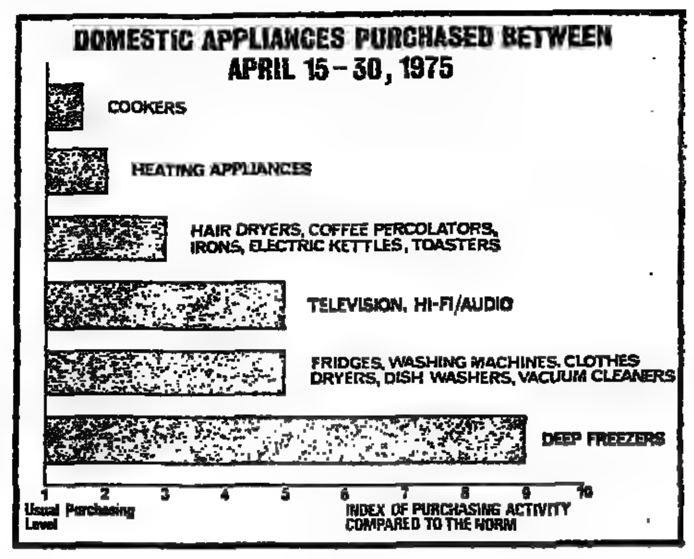
Nevertheless sales of desk projectors are growing by leaps and bounds. Gordon Audio Visual, which reckons to supply two-thirds of the U.K. market with imported desk projectors, in particular the American Fairchild models, says the number has been going up by 45 per cent. a year. Last year it sold 700.

CONSUMER DURABLES

How big the boom

BY DR. STEPHEN BUCK, AGB RESEARCH

A STROLL down a High Street during the last two weeks in April, was all the research needed to highlight the unusual activity in shops, department stores and discount houses selling domestic appliances. This increase in purchasing was, of course, associated with the breathing space allowed by the Chancellor between his Budget statement and the effective date when VAT on "luxury" durables would be increased to 25 per cent. from the existing level of 8 per cent.



The extent of this purchasing activity, which was helped along by effective advertising by manufacturers and retailers up to the very last minute is now available. The information comes from a quick check made in 5,000 households by AGB Research as a special supplement to its Home Audit Consumer Durable Service.

The results show that overall some two months of purchasing was packed into just two weeks—a mini boom indeed. The additional activity varied significantly across the different durables, as the chart shows. The figures relate to the purchasing index for different groups of appliances compared to the "normal" purchasing rates that apply at this time of the year.

The small appliances (electric kettles, irons, toasters, etc.) were purchased at about three times the usual intensity: some six weeks of normal purchasing crammed into just two weeks. The results for televisions and hi-fi/audio equipment are even more dramatic, showing purchasing at around five times the norm. This is also the figure for vacuum cleaners and most of the large "White Goods" like washing machines and refrigerators, while even for non-luxuries such as cookers and heating appliances, where VAT remains at 8 per cent., a rub-off effect boosted their sales, but to a lesser extent.

The one item that experienced a super boom was the Deep Freeze where, in the last two weeks of April, purchasing equivalent to about four months of predicted levels took place. This makes sense when one recalls that the deep freezer market is fast growing, where ownership levels (excluding fridge/freezers) have moved sharply from about 11 per cent. in April 1974 to 17 per cent. in April 1975. A parallel can be drawn with fast moving consumer products where effective below-the-line price promotions tend to bring forward purchasing activity with, sometimes, a corresponding decline in subsequent periods. The concept of a deep freeze as a hedge against inflation in food prices would reinforce the situation.

But these results only underline the problems that could now face the durables industry. The manufacturers, at least, will be busy in the short-term replenishing retailers' shelves that have been laid nearly bare by the boom: the retailers are left wondering whether boom time in late April leads to gloom time over the next six months.

Radio in perspective

BY DON BECKETT, THE MEDIA BUSINESS

THE AIRC (Association of Independent Media Contractors) has just released its advertisement revenue figures for April and they again show a considerable increase (12½ per cent.) on the previous month. The figure of £612,000 is the highest yet for the ten stations on air (the 11th station, Plymouth Sound, opened this week) and projected over a full year this means a total revenue of £7.3m.

However, there's a lot more to the estimate of annual figures than multiplying the latest month's figures by 12. As Don Wightman of Lintas pointed out just three weeks ago, we do not yet know what allowance to make for normal seasonal variation, for natural growth, and for the remaining nine stations still to go on air.

My own estimate for ILR total revenue in 1975 is £8m., breaking down by half-year £3.3m. January-June and £4.7m. July-December. This estimate is higher than would be arrived at by any simple multiplier effect related to a single month, or even to the first quarter of the year, because I am sure that this infant medium still has some natural growth to experience. I believe that the May figure is likely to be 10 per cent. up on April, then, after a non-growth summer quarter (June, July, August), it is reasonable to assume a monthly growth rate of 10 per cent. will resume in September and continue until the end of the year.

But commercial radio in the U.K. does not consist only of ILR stations. We must not forget Radio Luxembourg if we are attempting to calculate *total* advertisement revenue for the radio medium. Business is booming in Hertford Street, too, and in a good year this pre-war veteran of the media world can take about £1m. in advertisement revenue: 1975 looks like being such a year, so adding Radio Luxembourg's one to the AIRC £8m. we reach a *total radio revenue* of £9m.

Having put it all together, where are we? Is radio a success in terms of advertising expenditure, or not? If we assume that total advertising expenditure in 1975 turns out to be around £950m. (1973 was £874m., and the 1974 estimate is £905m.), then radio with £9m. will represent just under 1 per cent.

This could mean that radio will push cinema into last place in the U.K. ad-spending league, but it is no great achievement when compared with radio's relative position in other major markets of the world: U.S. (7 per cent. share), West Germany (13 per cent.), Japan (5 per cent.), Canada (12 per cent.), Australia (10 per cent.).

Masson expands

PETER MASSON AND PARTNERS, one of the leading international media planning and research consultancies in Europe, has strengthened its service by establishing a network of partners in five continental countries—France, Germany, Italy, Austria and Finland.

Until now international campaigns have largely been planned in London, with the help of PMP's unrivalled data base, which includes the readership surveys and other media details from all the main advertising countries. The addition of experts, who run their own media operations, ensures that clients have better follow-up facilities in Europe.

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THURSDAY, MAY 22, 1975

Something in the offing

THE FACT that wage settlements are running on a potentially disastrous course appears at last to be recognised even among trade union leaders, and that itself is a considerable advance. Yesterday's statement from the TUC General Council reaffirms the importance of observing the TUC guidelines in wage negotiations. In particular, it emphasises that increases should not normally exceed the increase in the index of retail prices; that negotiations should not be re-opened before the due date; and that increases made to suit special cases should not be used by other unions as a basis for arguments based on comparability. If these guidelines had been fully observed in the past, more progress might already have been made towards the control of inflation—which the TUC wishes to see brought down to substantially less than 20 per cent. by the end of the year.

But yesterday's statement also confirms that the General Council will be submitting to the full Congress in the autumn its recommendations for future policy, and there is now some reason to hope that these will be more stringent and more appropriate to our present situation, in which the fast rate of inflation in the U.K. is tending to depress the exchange rate and push up unemployment simultaneously. One proposal, associated with the name of Mr. Jack Jones but commanding wider support, has already been put forward, and the Chancellor has expressed interest in it.

Flat increase

The essence of this proposal is that the maximum increase in wages during the coming negotiating year should be a flat sum related to the rise in the cost-of-living index. Mr. Healey must already have noticed that other trade union leaders are markedly sceptical about the idea of a flat maximum increase for everyone. Differentials have already been eroded by a combination of inflation, wage restraint and progressive taxation to the point where organised workers with special skills or a particularly strong bargaining position are losing interest in egalitarianism.

Yesterday, indeed, Mr. Clive Jenkins put forward an alternative proposal to divide the maximum permitted increase into two parts. The first, which would apply to everyone including State pensioners, would be index-linked, though the index which Mr. Jenkins has in mind would be restricted more closely to basic necessities of life than the present RPI; the second part would be related to each particular job. The conflict of principle between the two proposals is obvious, but the details of both are still vague. They are now to be worked out in greater detail as the basis for a paper to be presented to the next meeting of the TUC Economic Committee.

Preconditions

Meanwhile, Ministers and the Confederation of British Industry have both been active. The Prime Minister has foreshadowed a resumption of talks on pay policy between Government, the TUC, and CBI, while the CBI is to-day launching economic proposals of its own which include a plan for bringing inflation back under control over the course of three years. The essence of this is that Government, TUC and CBI should agree in advance on a target rate of inflation and on the maximum average wage increase compatible with it; individual firms would then be free to negotiate detailed settlements with the unions inside this overall maximum, subject to their individual trading circumstances.

This plan, too, clearly needs working out in more detail, but it includes the most important element of all — that the Government, as a major employer and contributor to wage inflation, should play a leading part. If voluntary wage restraint can be made more effective without creating a pattern so rigid as to promote the inefficient use of labour, the Government's task of economic management will become easier. But two points should be made utterly clear from the outset. The first is that cuts in public expenditure, the rapid growth of which is largely responsible for our current difficulties, will remain urgently necessary. The second is that the level of unemployment will have to be kept somewhat higher than in the past until inflation has been brought under effective control.

The Western allies and Spain

THERE HAS never been much enthusiasm in Western Europe for, and indeed in some countries there has been outright hostility to the idea of a possible link between Spain and NATO. The idea is not a new one and has never got far. It has now been revived by both the Spanish themselves and the Americans and for both political and military reasons it is worth more serious consideration than it has been given in the past.

U.S. bases

Partly this is because of events in Portugal. Henry Kissinger, the U.S. Secretary of State, is said to believe that the worst possible outcome would be a solidly Marxist Government which maintained Portuguese membership of the Alliance. In the military sense, it would make Portugal a potentially unreliable ally and an unreliable partner in NATO discussions. It might also encourage the Left-wing in France and Italy to aim for the same sort of developments in their own countries. An alternative would be for Portugal to leave the Alliance altogether. Again in the military sense, such a development could probably be lived with, but it would immediately increase the importance to western defence of Spain.

The Spanish authorities, of course, are well aware of this and are using the situation to get a better deal in the new bilateral U.S.-Spanish defence agreement which is currently being negotiated. Thus, in their anxiety to keep the Spanish bases the Americans have shown some sympathy for the demand for a closer relationship with NATO.

There is another more political reason, however, why the demand should not be rejected out of hand. It concerns the political future of Spain. There are several differences between the Spanish and Portuguese situations which suggest that Spain will not inevitably go the same way. The country is more developed socially and economically. The gap between Spain and Western Europe is narrower than the gap between Western Europe and Portugal. The army is more united, less embittered by the experience of colonial wars, and less prone to Left-wing influences. But the question is how a transition to democracy can be brought about. It may well be that it could be facilitated by a dialogue between Spain and the West European Governments and political parties.

After all, Western Europe's behaviour as it has watched the situation in Portugal deteriorate has been totally passive. It cannot be proved, but it is possible that had greater encouragement been given to the moderate forces at an earlier stage, the Left-wing militants might never have advanced so far. It would be a mistake to risk the same developments in Spain simply because of memories of the civil war and a dislike of General Franco.

Destabilising

Not even the Americans are likely to suggest at the forthcoming NATO meetings that Spain be given full membership. Indeed the admission of a new member could well be seen as destabilising and could encourage the Russians to counter by further increasing their own hold in Eastern Europe. Yet the NATO communique after the Brussels summit meeting next week ought to be able to find a form of words holding out hope to those in Spain who are seeking to move closer to Western Europe.

Few new types of airliners will be seen at next week's Paris Air Show. Michael Donne explains why

Britain's take-off into the decade of derivatives


THE BAC ONE-ELEVEN 700 ....

ONE of the most significant trends in world civil aviation likely to emerge from the Paris International Air Show at Le Bourget from May 30 will be the very small number of entirely new types of airliners on display. This contrasts with previous shows and reflects the marked slow-down in the rate of new aircraft development as a result of world-wide economic difficulties, and the reluctance of airlines not only to buy existing models but also to commit themselves to even thinking about the longer-term future.

The world civil airline industry, outside the Soviet Union, is moving into what is becoming known as "the decade of derivatives." Apart from Concorde the great majority of new airliners sold until the mid-1980s, and perhaps even beyond, will be developments of existing types already well established in the world's fleets rather than entirely new aircraft concepts.

This does not mean that the manufacturers are entirely ignoring the long-term future. Far from it. In Europe, the so-called "Group of Six"—British Aircraft Corporation, Hawker Siddeley Aviation, Aérospatiale, Dornier, Messerschmitt-Bolkow-Blohm and VFW-Fokker—set up last autumn is trying to define long-term future European and world airline requirements with a view to drawing up a specification to meet them. Their aim is to try to break eventually the current U.S. dominance of the European civil aircraft market—where last year the American manufacturers supplied no less than 84 per cent. of the airlines' requirements. In the U.S., Boeing is still quietly working on its so-called 7X7 family of jets in collaboration with Aeritalia of Italy and others (Japan is also interested). A scale-model of a possible 200-220-seat short-to-medium range airliner is thought likely to be shown on Boeing's stand at the Paris Show.

Existing models

But these ventures are still a long way off, and designers, though their eyes may gleam at the prospect of bright new shapes eventually, are for the time being anxious to ensure that their existing models can keep up in the struggle to win a share of such orders as are available.

Even so, for the airlines the plethora of variants already on offer or envisaged is almost bewildering. These improvements to existing models embrace the entire spectrum of aircraft types, and cover such things as longer range, greater payloads, less noise and much greater fuel efficiency.

Boeing is studying versions of its 747 Jumbo jet with improved or even new engines (such as the Rolls-Royce RB-211 Dash 524) and with seating capacities of up to 750 or even 1,000. One new variant, the very long-range, shorter-body SP (Special Performance) Jumbo was rolled-out of the factory earlier this week and will be delivered to Pan American later this summer. At the other end of the scale, it is studying new versions of its highly successful 727 medium-haul jet, the Series 300, and of its short-haul 737 model. McDonnell Douglas, in addition to its extensive family of DC-10 medium-haul wide-body variants, is also offering the stretched Series 50 version of its short-haul DC-9 and has been looking at the market for a possible Series 60 version with new engines, probably Pratt and Whitney JT-10Ds. Lockheed is offering longer-range versions of its TriStar, also using the more powerful Rolls-Royce Dash 524 engine. Airbus Industrie in Europe has ideas for a family of variants of its A300 short-haul airbus, including a B-10 version using RB-211 engines. Even down in the smaller business jet field the emphasis is on adaptation in order to ensure that manufacturers can remain in business at a time when prospective buyers' finances are under strain and equipment budgets are being pared to the bone.

The same situation applies in the U.K., despite the difficulties facing the industry, with the threat of nationalisation and re-organisation in particular hanging over its head. While at the top of the industry, the Boards continue the campaign against nationalisation and struggle for better compensation terms, in the project design offices the work goes on to ensure that, even if the State takeover is effected and the reorganisation goes ahead, the civil side of the industry will still have something to offer for the rest of this decade and into the 1980s.

This is necessary because, despite political changes forced onto the industry, it cannot stand by while the rest of the world's aerospace manufacturers move on. The world airliner market, albeit at present much slacker than at any time since the war, is still one of vast potential, and all the other manufacturers are actively exploring its possibilities.

The British Aircraft Corporation, therefore, which has sold 220 of its One-Eleven short-haul jet airliners over the past decade, is now studying two possible derivatives to meet a market that it believes could be measured in hundreds of aircraft over the next ten to 15 years. The first is the Series 700 One-Eleven, a 119-134 seat aircraft, with a maximum range of 2,100 miles, that would be powered by two Rolls-Royce Spey 606 engines; each of 16,900 pounds thrust. The other is the Series 800 One-Eleven, a bigger 144-161 seat aircraft which, it is envisaged, could use two of the new General Electric/Snecma CFM-56 engines each of 22,000 pounds thrust, and have a range of 2,400 miles.

Each type would incorporate improved passenger comfort, but more significantly, would use fuel more efficiently and make less noise—both vital ingredients for the success of any airliner design for the future. For example, it is claimed that the "community noise footprint"—the area affected by noise around an airport—for the Series 700 One-Eleven would be only one-fifth the area affected by present jets, while the Series 800 would be even better.

The Series 700 has already aroused substantial interest in Japan, where the BAC is currently discussing the possibility of a large-scale collaborative venture involving both civil and military versions. It has elicited keen market interest in numerous other areas, including the U.K., Europe and North America. The Series 800, as a bigger aircraft, could become an important component of future European aerospace industrial collaboration.

The costs involved in developing these derivatives of the One-Eleven are difficult to determine at this stage, but it is likely that the Series 700, since it uses many of the existing Series 500 components, could be done for perhaps £50m. The Series 800, with a much greater stretch in the fuselage and a much bigger and new engine, would cost much more.

So far, work on both projects is still in the early design stages. Clearly, nothing much can be done beyond this until the entire future structure and situation of the U.K. industry is clarified. Until nationalisation is effected, it is unlikely that existing shareholders will pump in any cash for extensive new developments. So any money will have to come from the new British Aerospace Corporation that it is intended to set up under State control.

This organisation will have to decide between the Series 700 and 800 ventures, for it is not intended even by BAC that both should be undertaken, since this would not only split the available market but also be costly for the U.K.

But the Board of the new Aerospace Corporation will also have to consider ideas coming up from the other civil airframe company, Hawker Siddeley Aviation. So far, HSA has been less forthcoming than the BAC about its design ideas for the future, but it is known to have several on the drawing boards. One of these is a "Trident Four," a derivative of the three-engined Trident Three that is currently in use by British Airways and still in production for Communist China.

Below this broad short-to-medium haul market, Hawker still has the smaller 70-100 seat four-engined HS-146 feeder-liner jet to offer. It is certain that the new Aerospace Corporation will give serious thought to reviving this project. Since active production work on the HS-146 was suspended earlier this year, the project has been "on ice," with enough work being done on the design to keep it up to date with market thinking, but no metal being cut. Although not competitive with the Series 700 and 800 One-Eleven studies, or with the longer-term ideas for 200-seater medium-haul jets, it is a project which will be vying for some of the new Aerospace Corporation's limited development funds.

More directly competitive with the Series 700 and 800 One-Eleven and Trident-Four ideas, however, would be Airbus Industrie's B-10 plan for new versions of the A-300 Airbus, seating 185-216 passengers. One idea is for a B-10 with 1,900 nautical miles range, while another is for a B-10 Mark Two with up to 3,000 nautical miles range. Since Hawker Siddeley builds all the wings for the Airbuses, and also has an overall design consultancy with Airbus Industrie on the whole programme, plans for further financial and production participation in the project will have to be considered by the new Aerospace Corporation. Beyond the B-10 lies the B-11 Airbus, still a long way off, but nonetheless under consideration. This is a plan for a four-engined, long-haul aeroplane with 6,000 nautical miles range, seating 180-200, which might prove to be the "Boeing 707 replacement" that many airlines would like to see in the 1980s.

From all this it is clear that the new Aerospace Corporation will have no lack of new ideas upon which to work. The emphasis, however, will have to be on speed of decision. While the whole nationalisation issue is thrashed out, the industry can do virtually nothing new—even if it is only building a derivative of a well-established type—and must await the new Corporation for decisions and funds.

Level of funds

One question that is already being asked in the industry is whether the level of funds earmarked for the new Corporation—borrowing powers of up to £200m., with a special fund of £50m. to cover launching aid—will be adequate for all the ventures it is likely to be called on to undertake.

The biggest danger, however, appears to lie in any extended delay, either because the nationalisation measure itself is deferred into the next session of Parliament, causing an investment and development hiatus in the industry, or because the new Corporation itself dithers too long, once it has been set up, in determining its future work programmes. It cannot be said too loudly or too often that the rest of the world's aerospace industries, unencumbered with the U.K.'s problems, will be able to move much more swiftly to catch the future market tides as they flow. This fact, more than any other, will be illustrated at the forthcoming Paris show, and it is in order not to be left behind that the U.K. industry's designers are now wielding their slide rules into the night, despite the uncertainties facing them and all their colleagues in U.K. aerospace.

....AND THE BIGGER ONE-ELEVEN 800


MEN AND MATTERS

Buying into Drake & Cubitt

"Pretty neutral" was Robert Potel's response to the potential new holder of 14.48 per cent. of the company where he is chairman, Drake and Cubitt Holdings, civil and electrical engineers. Kelmac Mercantile, which should complete purchase of the stake by May 30, is, Potel says, "very large or well known." Nor is it in Britain, but according to Bryan Knox, who owns and runs it, that should change soon.

He is a New Zealander, a Mormon and familiar around Wellington as a budding property development millionaire with overtones of social conscience. He has had his problems, including the family contracting business turning out to be bankrupt when Knox's father died. But Bryan Knox paid off the debts in two years and by last year was trying to buy the profitable New Zealand end of Drake and Cubitt. That would have cost $2m., but the deal fell through because, Knox says, he realised that with the Drake and Cubitt share price so low (down to 5½p last year) he might get control of the whole for little more than the cost of one of its parts.

The stake he is now buying, to initiate this process, includes that once held by London and County Securities, which is where Potel also entered the story. The builder of Star (Great Britain), now called English Property Corporation, Potel had resigned abruptly from Star in 1971 and soon after joined forces with Gerald Caplan. Potel and L & C subscribed for shares in Drake and Cubitt, eventually splitting a 22.5 per cent. stake between them, and Potel became deputy chairman of L & C a few months before the troubles started.

After the crash, the L & C stake went to various Belgian interests, the link between them being Ado Malevez, a director of Heuze, Malevez and Simon, a Belgian plant and machinery manufacturers in which Drake and Cubitt had bought control around the time Potel and Caplan first became involved. The Belgians added to the L & C stake but are now selling out to the New Zealander.

What all this means for Drake and Cubitt is not yet clear. Knox says that having bought 15 per cent. of the company he might want to buy more, including perhaps Potel's stake of a little over 10 per cent.

All Potel will say is that there is "not as of now" any agreement for Knox to join the Drake and Cubitt Board and that as far as buying out his own interests, "in certain circumstances it might be possible, but those circumstances have not arisen yet." The shares, which after a brief rally earlier in the year had relapsed to 11p, ended 2p up yesterday.

"It came special delivery from No. 10."

Cuba's negotiator

Dr. Carlos Rafael Rodriguez, Fidel Castro's right-hand man who is in London pushing Anglo-Cuban trade, has a reputation as an economic brain and a hard commercial bargainer. He seems to have got the best possible terms on the £250m. or more of credit Britain is offering by holding out the possibility of really large orders for British companies. But his economic and commercial astuteness should not obscure his primary reputation as a clever politician. He has, after all, the distinction of serving both Castro and his predecessor, General Fulgencio Batista.

An "Old Communist," meaning a member of the Moscow-line Popular Socialist Party long before Castro himself announced his conversion to Marxism, Rodriguez joined Batista's Cabinet in the early 1940s when it was Communist policy to try to change the Batista Government from within. Castro's early differences with the Communists were largely smoothed over by Rodriguez's visits to Castro guerilla camps in the Sierra Maestra.

After the revolution, the friendship between the two bore fruit in 1962 when Rodriguez became president of INRA, the agrarian reform institute, the first Old Communist to get a major government job. Now 62 and the First Deputy Prime Minister, Rodriguez, who surprised the Export Credit Guarantee Department by personally breaking the news of the trade deal, may grow further in influence if, as Castro himself has suggested, his leader withdraws more from everyday direction of Cuba and devotes himself to a reflective role.

Changes for RTZ

An important link with Rio Tinto-Zinc's impressive 21-year growth record is about to be broken with Roy Wright, one of the top triumvirate most closely identified with that expansion, stepping down as deputy chief executive.

Wright, 60, who stays on the Board, started out as an electrical engineer and joined Rio Tinto Company as overseas manager in 1952, a year after Val Duncan became managing director. Duncan, now chairman and Sir Val, had been brought in as commercial manager in 1948 by Mark Turner, the two of them having met previously during service with the post-war Allied administration in Germany.

It was not until 1954 that Rio Tinto took off; that year it sold its principal asset, a Spanish pyrites mine, to local interests for £8m., the start of a trail which leads to-day to a group with capital employed of over £1.2bn. Sir Mark Turner, now 69, though he has maintained close contact with RTZ down the years, has been based at merchant bankers Kleinwort Benson, where he is deputy chairman.

As for Duncan, a chief executive temporarily without a direct deputy, he has another four years to go before, under his own rules, he retires as an executive. The lack of an immediate nominee to Wright's job is bound to increase musings about a successor to Duncan. One name mentioned recently was Rod Carnegie, 43-year-old head of RTZ's 80 per cent. owned Australian company: however RTZ people report his commitments to things Australian seem to be increasing to the point where he may resist the notion of becoming U.K.-based.

All can help

Sign in a West End tobacconist. "New prices: we thank you for your donation to British Leyland."

Observer

FINANCIAL TIMES SURVEY

Thursday May 22 1975

UNITED ARAB EMIRATES

The formation of the union over three years ago was something of a miracle. It has reached a crucial point in its history as the Federal Government confronts the jealously guarded autonomy of some of the Rulers. The UAE has made a real impact on the world with its generous aid policy.

A hard road to unity

By RICHARD JOHNS

ONE OF the most curious political entities to be created in recent times, the United Arab Emirates has reached a delicate—and perhaps—critical point in its history after three-and-a-half years of stable existence and surprisingly steady evolution. On the international map it has established itself and has made an impact with the generous aid policy made possible by Abu Dhabi's petroleum wealth. The issue now is whether it can be transformed internally from what should be regarded as a confederation—rather than the federation which it is officially labelled — into a more meaningful, institutionalised unity. This year Sheikh Zaid, President of the UAE who as Ruler of Abu Dhabi holds the whip-hand, has made clear his determination that it should be welded into something more like a modern State.

At an important session of the Supreme Council of the seven Emirs held earlier this month, his peers gave their consent, in principle, to a number of recommendations drawn up by the "federalists," most of them from Abu Dhabi. But with crucial questions — such as the merger of defence forces — referred to experts for study and a long way from implementation there is still enormous scope for delaying tactics, friction and aggravation.

At the outset the formation of the UAE seemed something of a miracle. For a period of nearly four years preceding British withdrawal from the Gulf and the termination of the old treaty relationships with the Trucial States, the diplomatic efforts of the U.K., Kuwait and others failed to persuade seven highly individualistic Rulers, with family and tribal rivalries and jealousies deeply-rooted in history, to agree on the terms of a merger of their States. Until late in the day a mistake was made in trying to include in the federation the Emirates of Bahrain and Qatar.

In the end the seven Trucial States came together realising that the future of their traditional regimes would best be ensured thus and Abu Dhabi's petroleum wealth would ensure their viability. The bounty of the State remains one of the two basic conditions for political and economic viability of the UAE. The other is a continued understanding between it and Dubai which only three decades ago came to armed blows of a Lee-Enfield variety with the present Rulers as rival captains of war. If this historical allusion might appear mischievous or irrelevant, one can only point to two clashes between tribesmen from different Emirates — the most recent one arising last year when a road built by Dubai ran into a territorial enclave of Ajman and the second more recently when men of Sharjah and Fujairah quarrelled over a pile of wood. Such events are very remote, indeed, from the Commercial Union building in the City of London in which part of Abu Dhabi's surplus ($1.5bn. last year) is invested.

Contrasts

While psychological attitudes may change more slowly than physical appearances, the contrasts within the Union remain great. At the greatest extremes of reality and distance, the UAE ranges from Abu Dhabi to Fujairah. The "temporary capital," gracefully hemmed in by its splendid corniche, is beginning to look like a triumph in town planning even if in places it looks as much a building site as it did six years ago and there are frequent power failures. To the east, the hilly desolation of Fujairah with its feuding tribesmen and neolithic Shibuh pagan people is as yet unconnected to other Emirates by a metalled road through the forbidding Hajjar mountains. Soon it will be—by a federally-financed road.

In the long-term the material benefits deriving from the Union will act to dissolve parochial suspicions and differences of a tribal origin. Education, a field in which rapid advances are being made, and the realisation of the privileges of UAE citizenship in the face of growing expatriate population and work force (already perhaps twice the size of the indigenous population) should have the same effect.

With the crazy-paving patchwork of enclaves in the east, the Emirate boundaries are a legacy of a Pax Britannica which froze a fluid situation and probably prevented the Trucial Coast becoming part of present-day Saudi Arabia. Given the existence and legitimacy of the Emirs, the UAE was bound to start off with many anomalies and a degree of individual autonomy, depending on cash availability or the lack of it, which Sheikh Zaid and the federalists, backed by expatriate Arab advisers and bureaucrats, are seeking to eliminate.

The Provisional Constitution gave the individual states the right to maintain their own armed and security forces, while establishing a Union Defence Force—which was formed out of the old U.K.-financed Trucial Oman Scouts. With 3,000 men and a £15m. budget, it is dwarfed in size and strength by the Abu Dhabi Defence Force, with five times as much, largely mercenary manpower, sophisticated equipment like Mirage fighter-bombers and a budget which must be ten times as big. The Dubai Defence Force is rapidly catching up with the UDF.

No provision was made about the pooling of financial resources. *In 1971, when Dubai's oil output was only two years' old*, Abu Dhabi was the only State with funds for collective services and development. Last year, Dubai probably had a surplus of $500m., most of it set aside on short-term deposit to pay for big projects but Sheikh Rashid, the Ruler, contributed nothing to the UAE Budget. With no names mentioned, the federally directed newspaper Al Ittihad editorialised to the effect that moral support for the UAE was all very well, but it had to be paid for. Abu Dhabi's appropriation for its budget shows that it is looking to someone else to provide a tenth of the total.

For the sake of compromise Federal ministries were apportioned around state-by-state (with the most inevitably going to Abu Dhabi and Dubai) with the result that some portfolios went to members of Ruling Families, no doubt worthy men, neither interested nor competent in their jobs. The authority and activity of the Federal ministries has varied according to the need of the Emirs and their ability to provide for their own needs, as well as the importance attached to the particular subject.

Extension of education and health services have been acceptable more or less everywhere. But with the means to pay for their own power generation, Dubai, Sharjah, and Ras al Khaimah are jealously keeping control and developing their own power capacity while casting a jaundiced eye at the plan for a Federal grid. Concern that such an essential service might become enmeshed in the bureaucracy at the centre is understandable, but not the whole explanation. In such a situation only a pretence at co-ordinated planning for the Union has been possible.

Early last year Abu Dhabi set an example by demoting ten of its ministries to the status of departments of the Federal Government. Although it was in no way decisive, the Supreme Council meeting of May 12 could prove a historic milestone if a painful one for some Rulers to pass. As a result of it, the merger of defence forces is to be referred to military experts from neighbouring Arab countries for study. At present, the UAE Ministry of Defence is Sheikh Mohammed, the young son of Sheikh Rashid of Dubai. Clearly Abu Dhabi will want the portfolio which would be a true reflection of its predominance, if not suzerainty—Dubai's great economic viability as an oil producer and an entrepot centre notwithstanding. It was also agreed that police regulations should be unified and salaries paid by the UAE (which would take sole responsibility for immigration control). On the basis of other proposals made by a committee, composed of "federalists," another such body is to draw up recommendations as to how the Emirs, collectively acting in the Supreme Council can assert an effective Federal authority in the fields of information, communications, health, electricity and water, and Islamic affairs. Dubai and Sharjah, consented to co-ordinate their oil policies with Abu Dhabi. All promised to eschew individual contacts with foreign powers.

In the midst of these growing pains, the UAE has proved encouragingly stable internally with little sign of subversion. Nothing has happened to justify fears of upheavals evoked by the coup attempt in Sharjah in January 1972 which resulted in the former Ruler's death but was followed by an orderly succession. Under its bright young Ruler, there has been no sign of the radical discontent which some predicted. Some young Abu Dhabians are said to be showing their irritation with the traditional attitudes and procedures of the Ruling Families but they—it should be pointed out—had their equivalents in Kuwait 20 years ago.

In contrast to the haphazard development of the Federation, the UAE has entered into the international arena in a flamboyant style made possible by Abu Dhabi's wealth and Sheikh Zaid's open-handed generosity. Aid actually disbursed in one form or another totalled some $550m., giving the UAE by far the best performance of the oil surplus states. That is apart from its contribution to the IMF's oil facility and the capital of its own aid fund which, in co-operation with the World Bank and Kuwait, has swung into action far faster than any other similar institution. With the considerable open-handed assistance extended to the Arab "confrontation states," it is no wonder that the UAE's voice in pan-Arab counsels is loud. In Abu Dhabi it is claimed that Sheikh Zaid was the first to propose a complete oil embargo on the U.S. in October, 1973. With his stature enhanced, he even felt able last year to try and mediate between Egypt and Libya. As well as helping indirectly with aid for civilian projects, he has bravely given verbal support in public for the Sultan of Oman in his struggle against Marxist insurgents in Dhofar, while Saudi Arabia has stood mutely by.

Agreement reached in principle last year with Saudi Arabia on the border should positively contribute to stability in the region, though it has yet to be finalised. By ceding the Saudis a corridor to the Gulf east of Qatar and a sliver of territory, including a valuable oil structure, and burying the old hatchet the President has been generous in compromise (perhaps too much so for some members of his House). With the demise of the late King Feisal who found it very hard to forgive and forget after the Kingdom's humiliation in the 1955 Buraimi incident relations between the two regimes may even become fraternal.

Comfortable

With the apparent renunciation by Iraq of its barely disguised aim of overthrowing the conservative regimes of the Gulf, the UAE's position should become even more comfortable. It is a measure of the Union's stature that Mr. Ahmed al Suweidi, its active young Foreign Minister, should have taken the initiative to start consultations among the other Gulf States about an Iranian-Iraqi proposal, as yet unformulated, for a collective security pact. It so happens Mr. al Suweidi (an Abu Dhabian) is one of the foremost federalists. So, too, is Mr. Mahdi Tajir, UAE Ambassador to London, despite the fact that the foundations of his amazing and well-publicised fortune were founded in Dubai. While Abu Dhabi has well and truly arrived on the pan-Arab and world stage, its plausibility there will depend to an extent on the effectiveness of the unity achieved within the federation.

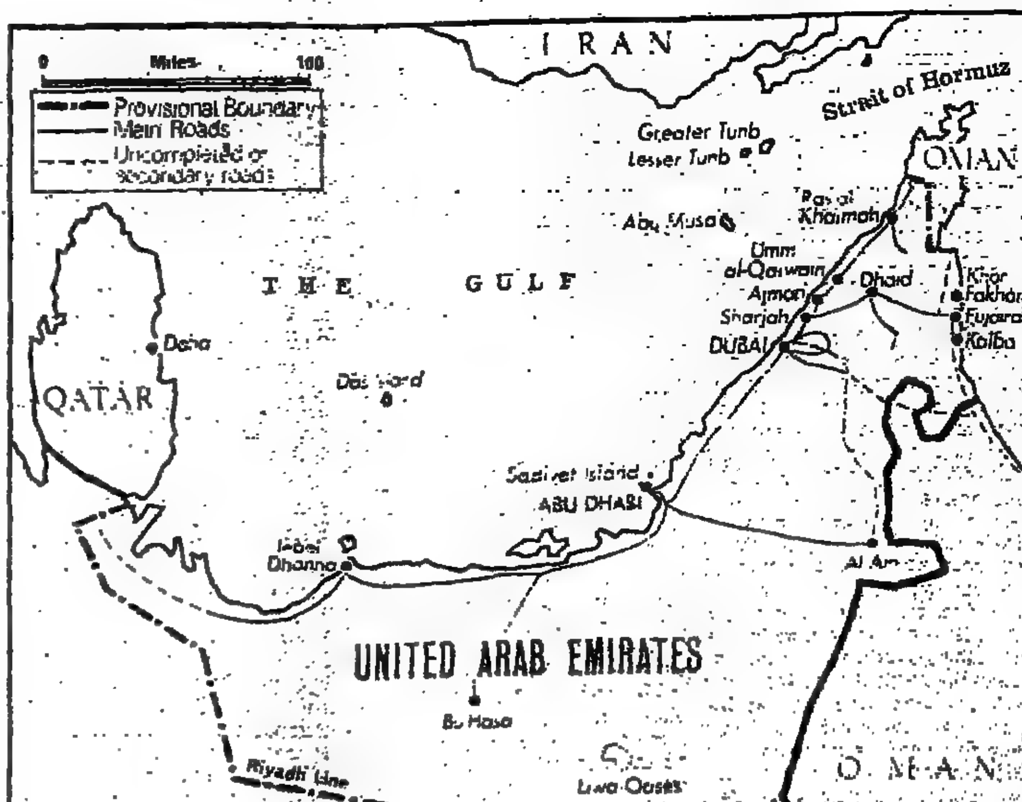
UNITED ARAB EMIRATES II

Economy difficult to measure

THE STRANGE and still evolving nature of the United Arab Emirates make any attempt to appraise it in macro-economic terms something of a nightmare, if not impossible. Certainly, the Federal Government with more urgent problems to solve has produced no official statistics as yet. However, the value of Abu Dhabi and Dubai's oil production alone, which last year earned revenue of \$4bn., of which \$2bn. was spent. When other economic activity is taken into account, like Dubai's booming entrepot trade, the GNP of the UAE as a whole in 1974 was probably in the region of \$5bn.

Available information indicates that net receipts from the oil sector of nearly \$4.3bn. were off-set by a deficit on other trade and services of \$1.2bn., giving a balance of payments surplus of about \$3bn. on current account. Official transfer of capital, mostly aid generously disbursed by Abu Dhabi amounted to nearly \$1.1bn. After taking into account the flow of private funds abroad estimated at about \$150m. the overall surplus would have been \$1.8-1.9bn.

In terms of State funds it is known that Abu Dhabi recorded a surplus of \$1.5bn., two-thirds of which was either invested abroad or lent to other countries, after payment of outright grants worth \$470m. and providing the Federal Budget with the equivalent of \$200m., its total receipts. Dubai's revenue is reckoned to have been as much as \$500m. over and above its outlays during 1974, which did not include any contribution to the Union coffers, with the money being set aside to pay for future projects. While Sharjah and Ras al Khaimah looked abroad for some of the capital needed for projects, Ajman, Umm al Qaiwain, and Fujairah were almost wholly dependent on funds from the Central Government.



BASIC STATISTICS

AREA:	32,000 sq. miles
POPULATION:	350,000 (est.)
GNP:	\$5bn. (est.)
TRADE (1974):	
Imports:	\$1.4bn. (approx.)
Oil receipts (net):	\$4.3bn.
Re-Exports and exports	\$120m.
CURRENCY:	
£1 = 9.12 UAR Dhirham	

Services

In general, development spending in both the rich and poor Emirates was as much as their economies could absorb, while essential services were adequately provided and the UAE Government, together with the various rulers, could handle administratively. At least it can be said that the Federation as a whole will have more than enough financial resources for the foreseeable future for the development required to fulfil the aspirations of the people who until recently were living a substandard, albeit fairly healthy and well-nourished, existence in what was one of the poorest backwaters of the world.

More important than any exercise in macro-economics are the basic facts challenging the UAE Government. Within the federation there is a wide disparity of wealth and resources. Overall, reliance on oil revenue is almost total while as yet no economic benefit is being obtained in added vlaue from the processing of crude oil production. There is the great dependence on imported labour and skills which has already led to a marked imbalance in the population with the indigenous people probably accounting for no more than one-third of the total population estimated now at 350,000.

At the centre a growing bureaucracy composed of officials of many different nationalities is not the best sort of administration to draw up the co-ordinated development planning required. Most important of all, however, even a well-integrated strategy, which does not yet exist, faces unique problems in the UAE because decisions and implementation still requires the agreement of seven Emirs who still maintain traditional rivalries and retain a great measure of autonomy on which the most effective restraint is only lack of own financial resources.

One measure of the political and bureaucratic problems can be seen from the fact that no consolidated budget figures are available. On the federal side, the confusion is compounded by the fact that Abu Dhabi transferred 10 ministries to the UAE Government renaming them departments in line with Sheikh Zaid's federalisation policy but still pays for them out of its own domestic budget.

Last year total federal expenditure (not including the allocations for Abu Dhabi in sectors deemed as federal—health, education, labour affairs, information, etc.) was set at Dh.815m. (\$206m.) and reached Dh.785m. At about Dh.640m. on the recurrent side, it was nearly 15 per cent. more than had been intended. On development at about Dh.160m. it was about a third less than had been projected, but that was about double what we achieved in 1973.

Abu Dhabi's own provisions for expenditure in parallel fields amounted to Dh.827m. which in terms of population—with the state of Abu Dhabi's now reckoned to be 150,000—would seem an equitable distribution. In practice, no very meaningful comparison would be possible even with an actual breakdown of the two different allocations because to varying extents Dubai—especially—Sharjah and Ras al Khaimah are jealously looking after their own services and utilities which in the poor Emirates are either wholly or almost completely federally financed.

Formally, the Federal Budget approved by the Supreme Council last month is set at Dh.2.77bn. which includes some Dh.500m. for education, health and information by the Abu Dhabi "departments" of education, health and information in the State itself. Deducting this, one is left with a figure of about Dh.2.27bn., nearly triple the amount in 1973, with a very large increase in recurrent expenditure obviously intended.

Priorities

In a confusingly presented Budget, at least a fair idea of the development priorities can be seen for the Dh.770m. allocations made for the completion of projects already approved and under implementation — roads, Dh.129.3m.; electricity, Dh.129.1m.; public housing Dh.115.6m.; schools, Dh.90.4m.; hospitals, Dh.60.4m.; water, Dh.47.1m.; and agriculture and fishing, Dh.42.5m.

The Federal Government has made steady progress with road construction, an important sphere as far as the effective unification of the UAE is concerned, and also an uncontroversial one with all the Emirs happy to benefit from Abu Dhabi's money. Most vital for welding the common entity together is the link from the El Daid to Fujairah Town which will be the first metalled road link to that state and the East coast.

Of wider significance the one progressing towards Qatar should shortly join the UAE to the trans-Arabian highway from Jeddah and a direct link for vehicles with Europe.

The Federal electrification programme designed to develop the northern Emirates is going ahead with an investment of about Dh.800-Dh.900m. in immediate prospects. However, Dubai, Sharjah and Ras al Khaimah remain doggedly determined to be masters of their own power supplies and all have their own projects in hand. Indeed, expanding his existing capacity and subsidising electricity at the price decreed by the Union will cost Sheikh Rashid something like Dh.90m. in 1974.

For the most part other Emirates are more than happy to benefit from Federal bounty in this respect, as well as for free health and schooling facilities. Advances in education, which before independence was largely financed by Kuwait outside Abu Dhabi, have been particularly marked. The Federal budget allocation for 1974 amounted to Dh.3,300 for each of the 80,000 students receiving instruction.

Agriculture, where a very commendable attempt is being made to achieve the maximum potential is well within the Federal orbit with the Ruler of Ras al Khaimah happy to make over to the UAE Government the successful Digdagga trials centre, but not the productive herd of milking Friesians which were nurtured there. It is taking very seriously the work of the Abu Dhabi Arid Lands Research Centre on Sadiyat Island (with an output now over 400 tons) and the fulfilment of the potential of El Ain (now producing over 800 tons).

Unified telecommunications should prove relatively simple to achieve with Cable and Wireless in charge of the International system. International Aeradio operates and has a stake in telephone companies of both Abu Dhabi and Dubai, which also serves Ajman and Umm al Qaiwain. Sheikh Rashid is apparently happy that they should be merged. One complication, however, arises from the fact that International Aeradio runs the systems of the other three States.

In contrast — and most notoriously — the competitive construction of deep-water harbours and international airports highlights the absence of co-operation and co-ordination at its worst in the UAE. In particular, there is Sharjah's determination to go ahead with its airport—which will be so close to Dubai's excellent facility as, possibly, to create a serious hazard—and also rather more plausibly a deep-water harbour. At present, Ras al Khaimah's grandiose project for an airport to accommodate Jumbo jets looks bizarre.

Planning

As yet there has been no pretence at planning or harmonisation for industry, a subject theoretically covered by the UAE finance portfolio, with both Abu Dhabi and Dubai going ahead with their own projects according to their respective means. As it is, Dubai is building its ill-prepared project for a £91m. drydock for super-tankers which will be in direct competition with the more realistically conceived and modest OAPEC one at Bahrain in which the UAE—in effect Abu Dhabi—will be a shareholder. More hopefully, there is now some talks in Dubai about the aluminium smelter planned there and the steel mill under study being Federal projects—but this may only reflect the fact that they may need to be powered by Abu Dhabi gas.

Only in monetary affairs could it be said that a full union exists. Having come into being in 1973 when the UAE dirham was issued, it has exercised the limited powers allowed it under existing law, and recently called a halt to the wild proliferation of banking houses in the UAE. Statutes are being prepared to give it the status of a Central Bank. In the meantime it is a significant reflection of the UAE's slow evolution that only a small proportion of Abu Dhabi's surplus funds are entrusted to it.

Richard John

Oil a divisive factor

ONE of OPEC's least momentous and least reported decisions last year was to agree to the request that Abu Dhabi's membership should henceforth be known as the United Arab Emirates'. Inevitably, however, when the organisation sanctioned the cut in the gravity premium for the State's oil the headline was Abu Dhabi. Petroleum is one sphere which quite patently is not federalised.

On the part of the Union Government and Abu Dhabi the firm intention is that it should be. Mr. Mana Saeed al Otaiba takes the title of UAE Minister of Petroleum and Wealth but is merely director-general of Abu Dhabi's oil department. Recently, in line with Sheikh Zaid's policy, he has complained that the authority of the federal Ministry only extended to Abu Dhabi and called on the other States to co-operate in bringing about effective unity in petroleum policy.

At present it is difficult to see Dubai and Sharjah willingly accepting federal authority over a matter touching so closely on their financial life-blood. Just as Abu Dhabi's petroleum wealth has made possible the federation, so the more modest revenue of Dubai and Sharjah enable them to maintain a fair measure of autonomy in development.

Certainly, attitudes differ. Having started production in 1962, Abu Dhabi joined OPEC in 1970 and in recent years has become increasingly active within the cartel. Even before it became formally and indirectly a part of the organisation Sheikh Rashid was not interested in OPEC and was even prepared to accept a posted price which, he was advised, was below the level that it should have been. When Abu Dhabi along with the other Arab producers of the Gulf last year took a 60 per cent. participation in its two main concessionaires, Dubai and Sharjah did not—although equivalent fiscal terms were passed on to them up until last September.

Biggest

For the world at large, it is Abu Dhabi which matters as the fifth biggest producer in the Gulf and a great potential for expanding its production. Its output in 1974 of an average 1.41m. barrels a day (roughly 70m. tons), compared with 241,000 b/d for Dubai and 23,000 b/d for Sharjah whose field came on stream only in June last year.

In the past six months Abu Dhabi has been very much at the centre of global petroleum politics as the producing state most vitally affected by the slackening in demand following the escalation of prices in 1973-74. This led to a strange turn-around in events and policies. Abu Dhabi has now renounced indefinitely the goal of 100 per cent. ownership of its main concessionaire which Mr. Otaiba had proclaimed as recently as December. In February it had to ask OPEC permission to lower the previously ordained gravity premium which in the past the state had sought strenuously and successfully to obtain.

Having set a maximum ceiling on production last September, the Government in March obtained some kind of undertaking with its operating partners, the Abu Dhabi Petroleum Company and Abu Dhabi Marine Areas that they would raise output substantially above that level. This was made possible not only by the reduction in the premiums for gravity and sulphur (the latter not being an OPEC matter), but also by a sweetener in the form of a longer payments time-lag.

Despite the preoccupation with pollution in Japan, to which a large proportion of Abu Dhabi's crude is exported, it was almost inevitable that output would suffer given the market conditions and payments difficulties of the consuming countries. Following the price adjustments of last November the cost of a barrel of state crude (93 per cent. of the theoretical postings) became \$11.05 for Zakum off-shore oil (40 degrees API with a 1.1 per cent. sulphur content) and \$11.09 for Murban on-shore oil (39 degrees API with an 0.8 per cent. sulphur content)—compared with \$10.24 for Arabian Light (34 degrees API) shipped from the Saudi terminal at Ras Tanura up the Gulf.

Production of the two main operating companies slumped drastically to 775,000 b/d in February compared with a high point of 1.64m. b/d in May, 1974. Flushed with revenue—which over 1974 as a whole rose nearly five times with only a nine per cent. increase in output—the Government had set a maximum ceiling of 1.32m. b/d last September—900,000 b/d for ADPC and 420,000 b/d for ADMA with the two companies lifting two-thirds of the State's participation crude.

As it happened, the rate during the last quarter of 1974 was 1.18m. b/d, foreshadowing the February slump. In the meantime the small flow from the other two offshore operators remained unaffected. The Abu Dhabi Oil Company continued to produce 20,000 b/d from the Mubarraz field. The Al Bu Koosh Company, whose field of the same name came on stream last June, sustained a rate of 45,000 b/d which subsequently has risen to 60,000 b/d.

The cuts in Abu Dhabi's sulphur and gravity premiums lopped rather more than 50 cents off the cost of each barrel bringing selling price of Murban down to \$10.60 and Zakum down to \$10.53. In return the foreign partners operating the fields have promised "best endeavours" to make good the shortfall and achieve an average of 1.5m. b/d for full year meaning that, under the established 80:20 division in off-take they will have to lift 1.3m. b/d, 900,000 b/d for ADPC and 445,000 b/d for ADMA. Whether the full target is reached will depend on the success of the Abu Dhabi National Oil Company in marketing its share. In April ADPC's output was up to 850,000 b/d and ADMA's up to 500,000 b/d.

The Western companies' position has also been eased by the extension of payments' lag which, in the case of ADMA (and presumably the other off-shore producers) is now 90 days. This concession has been made in recognition of the fact that—with development costs—the shareholders were so tightly squeezed that they were actually making a loss. At stake is the big gas re-injection scheme scheduled for completion in 1977 and designed both to maintain and increase production. There are also the final development costs of the Abu Bunduq field which is to come on stream in August adding another 30,000 b/d to the production of the existing Zakum and Umm al Shaif fields.

Before the oil crisis ADPC and ADMA had prepared plans which would have increased capacity to some 3m. b/d. Now Mr. Otaiba is concerned about the partner companies reluctance to spend and lack of incentive—as well as the cost to the Government now that it is a 60 per cent. participant. The Government is anxious to press ahead with exploration and development. New bids have recently been invited for relinquished areas. Elsewhere, Phillips, Sunningdale Oil and Gas, and Pan Ocean have concession areas and are exploring.

Difficulties

General market conditions, ADNOC's difficulties in selling oil, and the costs of development have all been instrumental in the Government's decision to drop for the time being the objective of 100 per cent. participation. Having achieved a 25 per cent. share at the beginning of 1973, Abu Dhabi last September finally negotiated the terms of a 60 per cent. participation, retrospective to January 1, 1974, in ADPC and ADMA.

For the Government, the cost of compensation at net book value was more than covered by retrospective "buy-back" provisions which set a price of 94.8 per cent. of postings. Under the new arrangement the foreign shareholdings of ADPC became British Petroleum 9.5 per cent., Shell 9.5 per cent., Compagnie Francaise des Petrole 9.5 per cent., Exxon 4.75 per cent., Mobil 4.75 per cent. and Partex 2 per cent. Those of ADMA are now B.P. 14⅔ per cent., CFP 13⅓ per cent. and the (Japanese-owned) Overseas Petroleum Corporation 12 per cent.

Meanwhile, the State has shown no interest in taking a stake in the small and relatively expensive Abu Dhabi Oil Company (which is owned by Maruzen, Daikyo and Nippon Mining) or the Al Bu Koosh Company, a consortium made up of CFP (51 per cent.), Nepco (24.5 per cent.), Sunningdale Oil and Gas (12.25 per cent.) and Amerada Hess (12.25 per cent.). Indeed, it is believed that the Government exempted them from last December's price hike, to assist their operations, as well as giving them greater than normal credit terms.

Until recently ADNOC was something of an embryo compared with the State petroleum corporations of other OPEC members. Strengthened by the appointment last year of Mr. Mahmud Hamra-Krouha, an Algerian formerly of Sonatrach, and a cardre of his compatriots, it is taking a more meaningful shape and becoming much more active. Lack of qualified personnel is a problem. As Mr. Otaiba acknowledges, it is one reason why "We have only financial participation, but no effective participation in the administrative, technical and marketing fields. If we have a 60 per cent. share then we should have 60 per cent. of the personnel." There are plans to establish a petroleum college.

Its marketing operations still fall well short of the objective that ADNOC should dispose of 20 per cent. of ADPC-ADMA production. Last year ADNOC lifted 5.4 per cent. of ADPC's production and 7.4 per cent. of ADMA's making a total of about 85,000 b/d. In the first four months of 1974 ADNOC took about 7 per cent. of ADPC's output and in the first quarter about 9 per cent. of ADMA's, meaning that its exports have been running at the rate of about 75,000 b/d.

One setback has been the termination of the agreement with Japan Lines signed back in March 1973 under which it was to be supplied by ADNOC with 80,000 b/d until the end of 1975 and 130,000 b/d thereafter following a dispute over prices. Last year Petrrobras contracted to buy 20,000 b/d. Apart from that sales have been limited to Pakistan, India and Bangladesh, which is to receive 70,000 b/d from this summer on concessionary terms involving soft loans.

This year ADNOC's planned tanker fleet took material form with the purchase of a 269,000 d.w.t. VLCC from Ocean Transport and Trading and another one of 260,000 d.w.t. (still under construction in a Spanish yard) from Gulf Oil. It is acknowledged that for the foreseeable future this shipping venture will be a loss-making operation. The Government is also a shareholder in the Arab Maritime Transport Company established by the Organisation for Arab Petroleum Exporting Countries.

Planned is an export refinery with a capacity of anything from 200,000 b/d to 300,000 b/d which will probably be situated at Jebel Dhanna, the ADPC terminal, rather than on Umm an-Nasr island near Abu Dhabi Town where the 15,000 b/d refinery, scheduled for completion this summer and designed to cater for local product demands, is being constructed. Last year a national marketing company was established under ADNOC.

In the absence of any refining capacity ADNOC is for the time being purchasing products from the Kuwait National Petroleum Company. Having taken over the foreign companies' distribution facilities the Government is now pressing for the acquisition of their assets of Shell, BP and Caltex throughout the UAE.

In laissez-faire Dubai the oil picture is different in every respect. While ADMA's production and terminal facilities are based on the terra firma of Das Island, the Dubai Petroleum Company can claim to have the only off-shore operation conducted independent of dry land with its three unique underwater storage tanks and permanently moored supply tanker. Production has proceeded at the maximum rate and the shareholders are pressing ahead with development without any apparent qualms (though they include CFP, the main villain as far as under-lifting in Abu Dhabi was concerned).

DPC, a wholly-owned subsidiary of Continental Oil, operates on behalf of a consortium in which it has a 30 per cent. share together with CFP (25 per cent.), Hispanoil (25 per cent.), Deutsche Erdol (10 per cent.), Sun Oil (5 per cent.) and Wintershall (5 per cent.). The Fateh field discovered in 1966 came on stream in 1969 and its output was supplemented by the South-West Fateh field in autumn of 1972.

In September 1973 production reached 287,000 b/d, but a major fire on October 17, the day after the Arabs started to impose their production cuts meant that Dubai's own output was, by necessity cut by much more than the maximum of 30 per cent. eventually decreed. The mishap brought the average for the year to just under 220,000 b/d. In 1974 it rose to 241,000 b/d and by March this year it had edged up to 255,000 b/d. With the completion of water flood and gas re-injection schemes production is expected to rise to 300,000 b/d by the end of this year, later than was originally anticipated. Exploration and delineation of the most recent discovery, the Rashid field, is continuing.

Concession

The progress of Sharjah's operation in the field off the coast of the island of Abu Musa (shared with Iran) has not been as good as Buttes Oil and Gas, the operator with a 25 per cent. stake in the concession, had evidently hoped. It began production in July of last year on behalf of itself and a consortium composed of Ashland Oil (25 per cent.), Skelly Oil (25 per cent.), Kerr-McGee (12.5 per cent.), City Services (10 per cent.), and Juniper Petroleum (2.5 per cent.).

It was thought that output from the first three wells would reach up to 60,000 b/d. From August to December last year it ran at a rate of 50,000 b/d but in the first quarter of 1975 is believed to have dropped to 43 000 b/d as a result of technical problems. With both Sharjah and the consortium anxious to pump oil as fast as possible the field was brought hurriedly into production and remains something of an unknown quantity.

On-shore Crystal Shariah Oil Company is about to drill what it hopes will prove to be its first producing well in an area where Shell found traces some eight years ago. Owned by the small U.S. independent Crystal (65 per cent.), which is the operator, Norsk Hydro (35 per cent.) and Paribas Associates (5 per cent.) the company is exuding confidence. Meanwhile, Reserve Oil and Gas is prospecting in the Gulf of Oman off Sharjah's east coast enclave.

Umm al Qawain receives 30 per cent. of the share of Sharjah revenue from the field taken from the small Emirate and its concessionaire, Occidental Petroleum, by a British Government decision prior to independence. Like the other northern Emirates, its acreage is being explored. All are hopeful that hydrocarbon resources will be discovered on their territories in commercial quantities so that they can maintain the maximum amount of fiscal autonomy. From the point of view of the Federation's development, it might be better if they were successful later rather than sooner. At least, it can be virtually certain that no finds will be made which could in any way challenge the predominance of Abu Dhabi in terms of production and revenue.

Richard Johns

Harnessing waste gas

LIKE other producers, Abu Dhabi is increasingly anxious to utilise and profit from the vast quantities of natural gas being flared at the well heads. In this respect the Government may have some reason for self-congratulation. Abu Dhabi took a decisive step in harnessing this wasted natural resource by concluding the agreement for the construction of a liquefied natural gas plant on Das Island. When it comes on stream some time fed by gas from Abu Dhabi Marine Areas off-shore fields, it will be the first liquefied natural gas plant to start operating in the Gulf.

As early as the beginning of 1972 the Government started pressing ADPC to come forward with a project for harnessing the associated gas going to waste on-shore—a subject that has caused some friction between the State and the foreign shareholders over the past year. Apart from the plan submitted by ADPC in December 1973, at least six other sets of proposals have been put forward since then.

Local

In the meantime Abu Dhabi has gone ahead with one small liquefied petroleum gas project to produce 15 tons a day for local consumption.

In its original form the Abu Dhabi Gas Liquefaction Company, set up to own and run the Das Island project with an authorised share capital of \$45m., was a consortium of British Petroleum (26⅔ per cent.), Compagnie Francaise des Petroles (13⅓ per cent.), Mitsui and Company (36 per cent.) and Bridgestone Liquefied Gas Company (4 per cent.) and the Abu Dhabi National Oil Company (20 per cent.). However, the Government has decided to take a 51 per cent. majority control and so the holdings of the others will be reduced correspondingly.

ADGLC is concerned only with the producing end of a much bigger venture likely to involve an investment of more than \$1.5bn. including the specially designed vessels required to ship the liquefied gas to Japan and the installations there. The sole customer is the Tokyo Electric Power Company Inc. (Tepco) which has entered into a 20-year purchase contract. Details of the original price and the escalation provisions of the deal have never been revealed, but certainly some revision will be necessary.

At the outset the cost of the gas plant and its associated facilities was put at \$300m. but it is now understood to be calculated at \$520m. In addition to its investment in ADGLC, the state oil company is also taking a 51 per cent. interest with Japanese interests in The Liquefied Gas Shipping Company responsible for the transportation which has on order vessels with a capacity of 125bn. cubic metres, said to be the largest of their kind under construction at present.

For the plant on Das Island, gas will be supplied at a small fee sufficient to cover the expenditure on the offshore installations needed to harness it. The project is designed to produce 2.2m. tons of liquid natural gas and 800,000 tons of liquified petroleum gas annually, as well as 220,000 tons of light distillates and 230,000 tons of sulphur. To allow for maintenance and cover against break-down two identical, parallel process units are being built. On the already crowded little island, storage for some 240,000 tons of liquified gas, 36,000 tons of light distillates and 40,000 tons of sulphur is under construction while on the east coast work is going ahead on the 700-metre loading jetty.

A very much larger project is envisaged for the processing of ADPC gas. The original proposals submitted by the operating companies' foreign shareholders under pressure from the Government envisaged an eventual investment of no less than £530m. (over \$1,200m.) in a three-phase scheme. First, there would be the construction of an LNG unit at Bu Hasa at the cost of £70m. exploiting 685m. cubic feet of gas per day to produce 90,000 barrels a day of liquids (propane, butane and pentane). In the second phase the plan would provide for the construction of three more LNG units costing a further £110m. at Bab, Asab and Ruwayyis which could be in commission two years after the Bu Hasa one.

At this stage the flareing would stop when any gas over and above would be pumped back to the Bab oil field. In the final phase a giant £340m. gas liquefaction unit would two years later complete an integrated project absorbing all the associated gas and its derivatives. With the necessary operating capital estimating at £16m. and annual running expenses at £24m., it was then reckoned that the annual return could be as much as 30 per cent.

Since then the Government has received and studied a number of alternative plans. One submitted by Transco, of the U.S., involving utilisation of 1bn. c.f.p.d., concentrated on methanol with a plant in Abu Dhabi producing up to 26,000 tons daily and another in America regasifying it, at a combined cost of about \$658m. in addition to an investment in 14 special tankers. A \$380m. French-proposed scheme would aim of the exploitation of 200m. c.f.p.d. to yield 100,000 tons of ethylene, 143,000 tons of caustic soda and 200,000 tons of vinyl chloride.

Most ambitious of all has been a project put forward by Lummus, of the U.S., designed to absorb all the gas in a \$4bn. complex producing liquefied gas, liquefied natural gas, urea, low-density polyethylene, vinyl, chloride, and polystyrene—and also embracing 200,000 b/d wanted by ADNOC. Second in size would be a scheme proposed by Transworld Gas for a \$1.5bn. complex with four units for producing methanol or liquefied natural gas: derivative liquids of natural gas: urea; and ethylene and polystyrene. In addition, the cost of special transportation was estimated at \$1.8bn.

Other proposals by Mitsubishi and the Abu Dhabi (Japan) Oil Company have covered the possibility of gas being used to fire an aluminium complex and a steel plant. In the last resort the kind of package chosen may obviously be conditioned by any decision of heavy industrialisation of this kind. Mr. Mana al Otaiba, UAE Minister of Petroleum and Mineral Wealth, will only say, "We are still studying and we do not want to rush."

A team from the ADPC shareholders is expected to visit Abu Dhabi soon for further talks on gas utilisation. Their original plan is known to have undergone some modification both in its content and its price estimates. ADPC's involvement, at least in the primary stages of any comprehensive scheme, would appear to make sense. On this point, Mr. Otaibi says, "Certainly, they are here and know more than newcomers about oil production and the associated gas on land."

Richard Johns

An abundance of banks

THE United Arab Emirates may fairly claim to have more banks per head of the population than any other State in the world. At the end of last month the score chart in the UAE Currency Board's reception room showed that there were no less than 41 houses licensed with 165 branches operating. This would give one for every 2,000 of the estimated population, but in practice only about 250 deposit accounts each. Another 95 branches had been authorised. Banking, apart from deriving much of its business from the construction business, has been giving the sector a tremendous boost.

Leading the field by a short head was the British Bank of the Middle East with 29 branches operating (24) authorised (5) followed closely by the Bank of Credit and Commerce with 28 (15 operating). In a cluster close behind were the Bank of Oman (owned by Dubai merchants), 19; the Habib Bank (of Pakistan), 17; the National Bank of Abu Dhabi (60 per cent. State-owned), and the United Bank (also of Pakistan), 16; and the Bank Saderat (of Iran), 15.

The spread ranges from such giants as the First National City Bank, Algemene Bank Nederland NV and Banque de Paris et des Pays Bas to newcomers such as the Ajman Arab Bank and the Bank of the Arab Coast—a large and varied menagerie of banking creatures indeed. BBME, of course was the main pioneer of commercial banking in the Gulf long before the region's riches were fully apparent. The banks of Pakistan and Iran have a natural interest in the UAE not the least because of their close links, respectively with Abu Dhabi and Dubai, and the fact that they provide a large part of the UAE labour force.

Magnet

In general terms, however, the UAE has proved a magnet for foreign banking houses seeking to gain access to the oil-rich region, but thwarted by the restrictions on entry imposed by Saudi Arabia, Kuwait, Lebanon, and, latterly, Bahrain. For their part, the individual Rulers—vying with each other—have been happy to open their doors to foreign institutions, especially Sheikh Rashid of Dubai, a state which was considered by the older established houses as being "over-banked" as far back as 1969. As the pre-eminent trade centre of the Union it is not surprising that this Emirate led the league with 86 authorised and operating followed by Abu Dhabi (76), Sharjah (43), Ras al Khaimah (20), Fujairah (13), Ajman (11) and Umm al Qiwain (11).

In February, however, the UAE Currency Board called a halt by declaring a two-year moratorium on foreign banks establishing more branches (except with the Premier's sanction) and laying down more stringent capital requirements for others—which must have at least 80 per cent. local ownership. In May, 1973, it was given power to authorise new licences, for which prospective entrants also have to have permission from individual Rulers. It claims to have refused applications for no less than 35 banks up until the end of last month—of which there are now four established.

Certainly, the Currency Board's assertion of its power of refusal has been one of the more positive aspects of federal government, but like any form of central control it could yet cause problems. For instance, the Currency Board has not given the go-ahead to the Dubai Islamic Bank—which Sheikh Rashid has permitted and which is busily constructing its branches along the Creek. (Arguably, as an institution which proposes to obtain a return on its loans in the form of a share of the profits from the ventures which its funds finance, it could be described as other than a bank.)

A year ago the UAE was looking decidedly "over-banked" and might still be considered so, especially in the smaller Emirates. But with the collosal expansion of business in Abu Dhabi, Dubai and, to a lesser extent, Sharjah the picture now does look better. According to the most recent figures available, the total assets of the banks increased two and a-half times over the year to the end of this February from Dh.4,234.5m. to Dh.10,654.0m. (nearly $2,700m.). Monetary and quasi-monetary deposits of the private sector were up threefold to Dh.5,883m.

Government deposits rose by some 200 per cent. to Dh.3,042.5m., while foreign liabilities, including non-resident deposits (particularly of companies operating in Abu Dhabi) were up from Dh.691.6m. to Dh.1,171.5m. This figure would have reflected in part the very large inflow of funds in anticipation of a possible revaluation of the Dirham as a result of a wave of speculation which reached its peak in March. With the big increase in deposits the banks have been able to comfortably accommodate the demand for credit which expanded at a slower rate. During the year to the end of March advances to the private sector rose by 95 per cent from Dh.1,836m. to Dh.3,357m.

The very healthy liquidity of the banks can be seen from the fact that the commercial banks' foreign assets at this point amounted to Dh.6,055m. compared with Dh.2,051m. a year earlier. Of this total, Dh. 4,401m. was on deposit with banks and Dh. 975.1m. placed with head offices. Attracted by interest rates abroad, the banks have been able recently to deploy these considerable assets without keeping the local economy short of finance although last year the Currency Board had to qualify its provision of forward exchange cover to increase the flow of domestic liquidity.

The breakdown in credit provided by the Currency Board gives a useful indication of the differing scale and emphasis of economic activity within the UAE. Dubai and the northern Emirates accounted for 66 per cent. of total outstanding credit at the end of February with the balance in Abu Dhabi which, however, experienced a much faster rate of increase. In Abu Dhabi 45 per cent. of the money was devoted to trade and 33 per cent. to construction while in the other states the proportions were 65 per cent. and 11 per cent. respectively.

Ceiling

Established in May 1973 on the day that the new UAE dirham was put into circulation (replacing the old Bahrain dinar and Qatar riyal) the Currency Board has the power to prescribe the ceiling on interest rates. In doing so it has taken over the responsibility of the old bankers' associations of Abu Dhabi and Dubai which have now merged into one. Currently 5½ to 9 per cent. is paid on time deposits and 5 per cent. on savings accounts.

The Currency Board also issues daily buying and selling rates on a broad range of currencies and is a dealer of last resort. Under its present statutes it is not able to fulfil the functions of a Central Bank—for instance, it has no power to lay down liquidity ratios or control credit. But with the powers allowed it and to the extent that it can, the Currency Board has been undertaking the role of the fully-fledged monetary authority which it will be when its new statutes are legislated, hopefully later this year, and it becomes a Central Bank.

Apart from building up its monitoring system, it has over the past year secured from the Government and commercial banks substantial deposits (amounting to over Dh.2bn.), although there are still more state funds in the commercial banks.

Conversely, it has set out to stimulate development by placing deposits with the commercial banks on easy terms for financing approved projects like low-cost housing. It has also been very active in its forward foreign exchange dealings.

In March the Board also resisted the trend in the Gulf by keeping the existing parity of the dirham against the dollar and not linking it to Special Drawing Rights. It did so because it took the subsequently justified view that the dollar would regain strength, because there had been considerable speculation in the dirham, and because there seemed no good economic reason (especially vis-a-vis inflation) for doing so.

Under Mr. R. J. Scott, the managing-director (who came from the IMF) the Board is evidently thinking in fairly ambitious terms about developing the UAE. There is talk about encouraging the issue of Certificates of Deposit and eventually Treasury bills—presumably by needy if not penurious states of Sharjah and Ras al Khaimah. The Currency Board also made a very controversial move, as far as the banks were concerned, in recommending three months ago that they should use Emirate Brokers Ltd. for their foreign exchange dealings. The ill-feelings arose from the impression created that they were being instructed to direct all such business through the firm in which James Capel (40 per cent.) is a partner with Sheikh Sultan bin Khaled of Sharjah (a nephew of the Ruler), Mr. Hamil al Gaith of Abu Dhabi, and Mr. Muhammed Hureiz of Dubai.

Broker

The Currency Board's initiative was taken to stimulate the inter-bank market. Emirate Brokers claim to have done business with over 30 banks in the UAE as well as with Kuwait and other neighbouring states. Without doubt the existence of a foreign exchange broker is of use, particularly to the smaller banks. Others are quite capable of undertaking the operations themselves and anxious to do so.

Despite the proliferation of commercial banks and an accumulation of assets in them, the UAE remains undeveloped as a financial centre with little provision for medium-term finance. A positive step in this respect has been the establishment of the UAE Development Bank, with a capital of Dh.500m. which is designed to provide such credit at a low rate of interest (3-4 per cent.) and has just started operations with an active demand for its funds reported.

Another promising initiative was the formation of Oryx Investments by Arbuthnot Latham and Chartered Bank (each with a 20 per cent. stake) together with local investors. Set up to stimulate joint ventures and project finance for transactions which the commercial banks would not handle. So far they have only arranged one $2m. loan for Anglo-Kuwait shipping interests, but have been actively discussing other projects.

On another front the National Bank of Abu Dhabi has acted as fiscal agent for a $25m. loan to a Swedish borrower and for a Dh.50m. bond issue for a Finnish concern. But Sharjah, a member of the UAE, had to go to the Eurodollar market for finance.

At present the UAE is awash with funds both in the banks and in the hands of private individuals. Quite apart from the fabulous riches of Mr Mahdi Tajir, UAE Ambassador to London and adviser to Sheikh Rashid, the wealth of the merchant community is substantial by any standards as the purchase of 5.5m. Lonrho shares by Mr. M. al Fayed and his associates earlier this year highlighted. To a large extent the businessmen of the UAE, particularly Dubai, finance their developments out of their own accumulated capital. But as yet the apparatus for mobilising non-state money into development is rudimentary. Yet the UAE should develop the relative sophistication—institutional and personal—in good time.

Richard Johns

Importing inflation

LAST YEAR'S 65.6 per cent. increase in the value of the UAE's imports was, as any local merchant will hasten to complain, due to a large extent to increases in price rather than volume. As tonnage was not calculated on a UAE basis in 1973, a precise comparison cannot be made, but one of the effects of the import of inflation—a major topic of conversation and the cause of much concern to politicians and economists—has been to throw the concept of price competitiveness into greater relief: and as soon as price is mentioned, any agent or commercial official will tell you that too high prices were the cause of Britain's decline to second place behind Japan in the league of suppliers for the first time in 1974.

UAE IMPORTS 1974—(1973 position in brackets)

	Quantity in tons	1974 Value in Dirhams m.	1973 Value in Dirhams m.	% change
1. Japan (2)	217.157	1,151.1	624	+ 75
2. U.K. (1)	152.222	705.3	645	+ 13
3. U.S.A. (3)	154.350	632.2	645	− 2
4. W. Germany (4)	106.104	259.3	152	+ 70
5. Italy	88.713	214.4	64	+234
6. *Iran (10)	527,109	195.2	87	+124
7. France (5)	60.950	183.7	135	+ 38

* This increase is largely attributable to the increased cost of Iran's food exports to the UAE.

Japan's share of the UAE market reached 21 per cent. last year, with exports worth Dhs. 1.15bn., an increase of 75 per cent. over 1973. Britain, on the other hand, increased her imports by only 13 per cent. to Dhs.705.3m., which represents 13 per cent. of the market, while the value of exports by the U.S. to the UAE actually declined by 2 per cent. to Dhs.632.2m. or 11 per cent. of the market. West Germany and Italy came fourth and fifth with 5 and 4 per cent. of the market respectively, for example, exports worth Dhs.259.3m and Dhs.214.4m., an increase of 70 per cent. in the case of West Germany and a staggering 234 per cent.—by far the largest percentage rise—in the case of Italy. France was relegated from fifth place in 1973 to seventh in 1974, overtaken by Iran.

Transport machinery and equipment accounted for the largest single slice of imports, 27.5 per cent., in 1974, compared with 20 per cent. the previous year and the largest supplier of this category of goods was Japan. With transport equipment worth Dhs.542m., Japan supplied twice as much as the Dhs.277m worth of her nearest contender, the U.S., and the Dhs.273m.-worth supplied by Britain.

Apart from three or four Jaguars, it is fair to say that there are no British cars on the roads here: the upper end of the market belongs firmly to the Mercedes while the Datsun and the Toyota is the usual choice in the middle and at the lower end of the scale. Asked why he is not the agent for a single British car, a car importer will express his disgust that no U.K. manufacturer can be prevailed upon to supply vital extras like air-conditioning, that local purchasing power is so high that the customer is not inclined to wait 12 months for delivery and that British cars are not competitively priced.

Second

Transport equipment was followed by manufactured goods—where again, the consumer will tend to buy Japanese cameras, stereo sets, etc., for convenience and German goods for quality—accounting for 25.4 per cent. of all imports: foodstuffs, the cost of which amounted to 8 per cent. of all imports (Dhs.358m.) in 1973 but rose to 10.9 per cent. (Dhs.603m.) last year: and oilfield equipment, which increased in value by 15 per cent. from Dhs.467m. in 1973 to Dhs.536m. last year but declined as a percentage of all imports from 13 to 9.7 per cent. America led the field in the last category with exports of oil field equipment worth Dhs.201m., and Britain comes second with Dhs.95m.-worth. Finally, pharmaceutical imports rose by a huge 166 per cent. in 1974 to Dhs.175m., surpassed only by tobacco, and beverages, which rose in value by 185 per cent over the same period to Dhs.101m.

There is, however, a twist in these figures in that they are provisional and based, moreover, on projections of the statistics for the first nine months of 1974. In an unexceptional year such a procedure is admissible, but November and December, 1974 and January and February, 1975 witnessed the celebrated downturn in activity in most sectors because of the drop in oil sales (of which more elsewhere in this survey).

Hence it appears to the observer on the Gulf that many import agencies are at present carrying heavy stocks, particularly of transport equipment and building materials. Indeed the effects of the Great Cement Fiasco of last winter are still visible: visitors rarely fail to comment upon the acres of unused cement, bought at sky-high prices encouraged by fears of a shortage and now worth much less, lying to the left of Dubai's Maktoum Bridge.

Activity in the UAE's two principal towns, Abu Dhabi and Dubai, tends to be concentrated in different sectors of the economy. In the first half of last year, Currency Board statistics show that the trading sector as such absorbed 55.7 per cent. of all bank lending—the largest single slice—but within this average 62 per cent. of bank loans in Dubai were for the trading sector, while in Abu Dhabi the comparable figure was only 42 per cent. Construction on the other hand took 13.4 per cent. of loans outstanding in Dubai at the end of June, 1974 and 32.8 per cent. in Abu Dhabi, reflecting Dubai's position as the trading centre and entrepot of the UAE. Dubai's Port Rashid not only serves the Northern Emirates but handles a proportion of Abu Dhabi's imports as well.

Tonnage landed in 1974 was 2.7m. tons, an increase of nearly 1m. tons on 1973. Port Rashid has 15 deep-water berths and one tanker berth, plus 12 warehouses of 400 x 200 square feet each. Built by Costains with Halcrows Middle East as consultants, plans currently under study envisage its eventual expansion to 47 berths, but no contract has yet been awarded.

Abu Dhabi's Port Zayid, designed by Sir Alexander Gibb and Partners and built by CCC of Lebanon and Santa Fe, currently has six berths and construction of a further six is under way. Further plans for the addition of 16 more berths are under consideration. Last winter the Port Zayid congestion surcharge reached 40 per cent. adding yet another burden to the soaring cost of living, but this year urgent large-scale purchases of equipment and the recruitment of extra labour has led to the removal of all surcharges. At present, Port Zayid has no warehousing facilities and/or transit sheds, but the latter are nearing completion and are due to come into service at the end of May or the beginning of June. Warehouse space is limited in Abu Dhabi town too and constitutes a problem. Nevertheless, half a million tons were handled in 1974 and the administration is predicting three-quarters of a million in 1975.

Challenge

In Sharjah, Port Khalid is to have seven berths in its initial stage while a Dhs.160m. contract has recently been awarded for the construction of an eight-berth deep-water port at Ras al-Khaimah, the most northerly of the Emirates. Existing port facilities will face a challenge in the latter half of 1975 when freight, it is devoutly hoped by the inflation-conscious, will start arriving via the cheaper Suez Canal route.

Traders, Oil Ministry sources and the Chambers of Commerce all insist that trading activity has now bounced firmly back to its 1974 heights and that the temporary downturn was purely an exceptional occurrence and not a pointer of trends to come. Measures taken this month and last to stimulate construction—the pre-payment of 25 per cent. on contracts awarded to local constructors in Abu Dhabi and Dubai's imaginative property development fund for low-income investors—would seem to strengthen this view. Nonetheless, overstocking is at this point in time obvious and above all inflation in rents and food prices has now become sufficiently cruel possibly to bring about adverse effects on trading activity.

Anne Crossfield

Dubai holds position as top trader

WITHIN the confines and the context of the Gulf. Dubai has always been a unique phenomenon as a State which achieved a substantial degree of prosperity well before it became an oil producer in 1969. Its pre-eminence as a trading centre along the Trucial Coast dates back to the initiative taken in the mid-1950s by Sheikh Rashid bin Sa'id al Maktoum, the Ruler, in dredging the Creek with borrowed money at a time when neighbouring Sharjah had allowed its natural harbour to silt up. Now, despite the well-established existence of the modern port with its deep-water berths, the old waterway remains the heart of the booming City State and is even undergoing further improvement to cater for increased traffic of "coastal craft," or dhows.

With an average output last year of some 240,000 barrels a day, Dubai's position in the league of oil producers is a modest one. Yet, boosted by the price rise brought about by OPEC (of which Dubai is only theoretically a member as part of the UAE) this production yielded an estimated income last year of $640m., almost five times as much as in 1973.

The scale of Sheikh Rashid's ambitions to develop his Emirate into the major industrial and commercial centre of the area has expanded proportionately. Last year *his* surplus (there is no distinction between State revenue and the Privy purse) was probably in the region of $500m.

In addition, there is the residue from previous years probably amounting to $200m. Deposited on short call with a handful of Western banks, the money is committed to projects in hand or planned. That would also be true of this year's petroleum income—with higher per barrel revenue and the anticipated increase in output to 300,000 b/d it could exceed $850m. Even a rough projection about the extent to which financial resources will be consumed is difficult because the future of some of the significantly large projects under consideration is still uncertain.

In 1974 expenditure is believed to have been about $120m., of which about $50m. would have been current and $70m. capital. For 1975 informed expectation is that it should be in the region of $225m., $105m. current and $120m. capital. At this rate over a medium-term period while the bigger schemes are under implementation Dubai should accumulate a surplus of over $1bn. For Sheikh Rashid the biggest item in the "ordinary budget" must be the Dubai Defence Force, now expanded in numbers to 2,000 men, of which the running costs last year were probably in excess of $30m.

There is also the increased expense of medical services and subsidising electricity. But as yet he pays nothing for education which is a federal preserve. More important, Dubai has not as yet contributed to the UAE budget and it remains unclear how much it will provide in 1975 although it appears that Sheikh Zaid is looking to the State to pay up to Dh.270m. ($68m.) towards the collective cause.

Revenue

Regardless of whether Sheikh Rashid does come forth with the money, his oil revenue—supplemented by customs revenue from the 3 per cent. tariff, and income from his own investments (especially property), and accumulated bank interests — would seem more than adequate to cater for projects under implementation or approved worth more than $500m. and others of an approximately similar value which are under consideration.

Dubai is now embarking on a new phase of development directed towards industrialisation after one dating back to 1967 when Sheikh Rashid began to mortgage future petroleum earnings to enhance his State as a trade centre. Most fundamental in this respect was the construction of the deep-water port designed by Sir William Halcrow's and built by Costain Civil Engineering who completed the job well ahead of schedule in the summer of 1972. When in 1969, it was decided to expand the original four-berth project into one for 15 Sheikh Rashid's thinking seemed to some observers (including a World Bank mission which visited the Trucial States in 1970) as optimistically visionary. However, the deep-water port has become so fully utilised that there was even congestion, with waiting delays of five to six days, around the time of the Ramadan Fast late last summer. Consequently, a further massive expansion is being planned.

After such a triumphant vindication it would be rash to question prematurely the future economic viability of the most conspicuous piece of expenditure now being made. Without doubt the Dubai Dry Dock is something of an act of faith. Being constructed by the Costain-Taylor Woodrow International consortium under a £91m. contract, the immense project with its two basins—one capable of accommodating supertankers of up to 1m. dwt and another vessels of up to 375,000 dwt, the project is scheduled for completion in 1978. Doubts arise not so much from the potential for such a facility close to the world's oil artery, but rather over whether the necessary expertise to operate it can be obtained and whether it can withstand competition from the rival one at Bahrain.

The Organisation of Arab Petroleum Exporting Countries' project up the Gulf has been more carefully and realistically planned. Moreover, it has the advantage of having Lisnave as an operator. It is generally acknowledged that one should have been found for the Dubai Dry Dock in advance of construction with the partner's requirements in mind. Now the need to find an operator is becoming urgent not the least because imported labour will have to be trained, well in advance of completion.

Those approached, including Gray McKenzie which is responsible for Dubai Port Services, have so far shown a reluctance to take the minority equity stake which Sheikh Rashid would like the would-be operator to have—thereby indicating a pessimism about the profitability of the venture. The Ruler's own view is that in the long run it will pay off and the future will probably prove him right.

Dubai's move towards industrialisation was highlighted earlier this month with the announcement that British Smelter Construction would proceed with a full-scale feasibility study on an aluminium smelter. The fact that BSC would take a 20 per cent. stake—and financing provisions have already been arranged—should be seen as an indication of firm intent on the part of Sheikh Rashid. Designed to produce at the rate of 120,000 to 150,000 tons a year, the plant would cost at least £150m. (about $350m.) and perhaps as much as £200m. and could be in operation in three to four years' time.

Energy

The big unresolved question relates to power for the plant. Dubai has only limited quantities of associated gas from its offshore fields which would definitely not be available for the smelter even if the quantities were sufficient. A possible source of energy would be "sludge," or waste, from refineries around the Gulf for which there is at present no use. Fuel oil would presumably be prohibitively expensive unless Dubai were to have its own refinery and access to a proportion of production from its offshore field at cost. The Ruler has been pressing DPC to build one, but the company is unenthusiastic and the plan appears to be in limbo for the time being.

Apart from the aluminium smelter, the other major industrial project that the Ruler has been toying with is one for a steel plant, but for the same reasons of energy supply its future is problematical. A study submitted by Indian consultants earlier this year presupposes the use of natural gas. This might, however, be piped from Abu Dhabi if the plant were to be negotiated as a federal project.

The consultants have submitted three different proposals for steel mills of differing sizes to produce spong iron, mild steel billets and plate with the smallest costed at Dh.653m. ($165m.) and the largest Dh.1,383m. ($350m.). The assumption is that at least half of the production would be exported to India.

Profitable

Exactly how Dubai's gas will be used has still not been decided. Under a $120m. contract signed in February Sunningdale Oil and Gas are to bring the associated gas ashore and purify it. An LPG plant should come on stream in the summer of 1977 with a production of 100m. cubic feet per day. Of this total, 20m. c.f.p.d. will be for export while the balance will be for local consumption in some form or other. The volume would be insufficient to sustain major industrial projects. At present the thinking appears to be that it should be set aside for power generation, even though this obviously would not be the most profitable utilisation.

Meeting the demand for electricity, which is rising at the rate of about 30 per cent. a year is one major problem confronting the Government. Currently another 84 MW is being added to existing capacity of 100 MW, but a decision must be made soon about the installation of more power generating plant for 1977-8.

The task of providing the necessary capital has proved beyond the capacity of the shareholders of the Dubai Electricity Company (who inlude Sheikh Rashid) and the plan is for the State to take over the operation. As it is, subsidising the price to keep it at the 7.5 fils per unit decreed by the federation is proving a major item of expenditure for the Ruler. It cost him Dh.18m. in 1974. The outlay this year is likely to be about Dh.37m. in addition to a capital investment of Dh.60m.

Already Dubai has started to diversify in the direction of industry. For some year's McDermott's have been fabricating rigs and other equipment for offshore oil operations. With its eye very much on the marine market Jotun Dubai (a joint venture between local interest and A/S Jotungruppen of Norway) will start production of paint at an initial rate of 3,000 tons. International (Gulf) Ltd. (a partnership between Yussuf bin Ahmed Kanoo and International Paints) are building a factory on Dubai's industrial estate a few miles down the road to Abu Dhabi. Meanwhile, work is about to proceed on the State-owned £26m. cement plant which is scheduled for completion early in 1978 with a capacity of 500,000 tons a year. The flour mill being built for the Al Ghurair merchant family should be producing 100 tons a day next year.

Trade remains the lifeblood of Dubai. To boost the State's position as the main entrepot and service centre of the region, the Ruler last year embarked on the construction at a cost of £56m. of the Dubai International Trade and Exhibition Centre. Designed by John R. Harris and Partners and built by Bernard Sunley and Sons, the 33-storey complex will embrace conference facilities for up to 3,500 people, a 300-room hotel, and sports amenities including an ice-skating rink when it is finished in the winter of 1978-79.

Earlier this year the intercontinental hotel was completed thus relieving the acute shortage of accommodation. Work will soon start on a Sheraton Hotel on reclaimed land along the Creek while talks about the establishment of a Hilton are still continuing. An annexe to the old Carlton Hotel is well advanced.

More that ever, Dubai presents a scene of frenetic building development required to cater for the needs created by past success and future expansion. The £8m. road tunnel under the Creek at its head should be open to traffic later this year. Upstream a third bridge with a fixed section and an opening span is being built at a cost of £4-£5m. No less than four multi-storey office blocks owned by the Ruling Family are going up. Further up the Creek still the lagoon is being dredged to provide a pleasure area—with a marina and two islands—which later should serve as the focal point for a large residential housing scheme.

Dubai's self-generating boom has brought the population to over 100,000, no more than 20,000 of which can be indigenous. Discounting the imported labourers from Pakistan, India and Iran who live rough, the influx of expatriates has led to tremendous pressure of demand on available accommodation with the result that rents have risen over the past year by as much as 300 per cent. A three-bedroomed flat can cost the tenant as much as £5,000 a year—which normally would have to be paid in advance. A developer reckons to get a full return on his capital in two to three years.

As the biggest landlord, Sheikh Rashid must have profited most from this escalation, together with the other members of the merchant aristocracy. At the same time, the Ruler recently set up a Dh.200m. loan fund for all native citizens to aid them in developing property for both commercial and residential use. With free land provided and an interest rate of only 1 per cent., there has been a flood of applications for loans which are to be repaid with 70 per cent. of rents accruing from the new properties until the sum advanced is paid off. Sheikh Rashid is also about to embark on his own low-cost housing scheme.

Last year the tonnage of Dubai's imports rose by 60 per cent. to 2.9m. tons and its value by 62 per cent. to Dh.4,316m. (£518m.). Over the past few years, however, the proportion of goods arriving for use in the State itself has risen from about one-third to two-thirds. Just how Dubai will be affected by expansion of Abu Dhabi's port facilities, as well as the deep-water harbours planned for Sharjah and Ras al Khaimah remains to be seen. But with its well-established lead and its competitive merchant community business seems bound to expand regardless of Dubai's own development.

Expansion

Expansion has been such that last year the Ruler, on the basis of designs drawn up by Sir William Halcrow and Partners, invited bids for an expansion of Port Rashid to provide an additional 22 berths. Involving the construction of another five kilometres of breakwaters, the project would cost £60-£70m. Tenders in this region were submitted, but as yet no decision has been taken and Sheikh Rashid evidently wants to consider other bids.

Ironically, the trade in gold, on which the fortunes of Dubai's bigger merchants were largely founded, has declined to almost nothing. The high point was reached in 1970—258 metric tons were air-freighted from Europe for onward transhipment and eventual smuggling into India and Pakistan. The volume dropped to 216 tons in 1971, 147 tons in 1972, 83 tons in 1973 and a mere 5 tons in 1974 because of the rise in price and more effective preventive action. Even so, dhow traffic continues to increase to the point that Sheikh Rashid is providing more wharfage along the creek for the coastal craft on which Dubai's original modest prosperity derived.

Richard Johns

Sharjah enjoying first flush of oil income

"SMILE. YOU are now in Sharjah," reads a sign-post in English and Arabic on the road from neighbouring Dubai. Sharjah itself, anyway, has much more reason to be happy than it had a few years ago. It is beginning to enjoy the first flush of oil income and in addition has at the helm an enlightened, educated young ruler. Sheikh Sultan bin Mohammed al Qassimi, who succeeded after his cousin was killed in the coup attempt by his cousin in January, 1972.

The exhortation along the dual carriageway is also revealing in what it says about the State's long-standing rivalry with Dubai and ambition to catch up in terms of development and prosperity. A generation or so ago violence between tribesmen of the two states was still endemic. In the last two decades, meanwhile, Dubai has forged ahead as a trading centre, leaving Sharjah far behind—the imbalance having long predated Dubai's first oil discovery.

Just about the time Sharjah's Creek had completely silted up Sheikh Rashid down the road was, with the limited resources available to him, dredging his waterway and improving its facilities for the dhows. For Sharjah the increasing disparity between it and Dubai was something of a humiliation. Now with the promise of oil revenue in much greater abundance, Sheikh Mohammed has embarked on an ambitious development programme involving projects worth some £120m.

As yet, though, Sharjah's petroleum riches are modest. Production from the Mubarak field off the coast of Abu Musa island only started in the middle of last summer. The structure was originally located by Occidental Petroleum, the concessionaire of Umm al Qiwain, which was about to start drilling in the summer of 1970 when it was prevented from doing so by the British Government. The intervention followed Sharjah's sudden unilateral extension of its coastal limit to 12 miles and Iran's claim to the island.

In the event the British Government agreed to the 12-mile limit and did nothing to prevent Persian troops from invading Abu Musa, having first reached an understanding with Iran and Sharjah whereby they should share sovereignty over the island and its oil resources. It was also agreed that Iran should pay the Emirate £1.5m. ($3.5m.) until the value of shared oil income reached £3m. Exploration and development was left to Buttes Oil and Gas, Sharjah's concessionaire. More recently and within the context of the union, a compromise was reached whereby the aggrieved Ummal-Qiwain should receive 30 per cent. of income from the Mubarak Field.

Per barrel

With the rise in prices the £3m. target would have been well exceeded in 1974 when production totalled some 4.2m. barrels. Per barrel income has not been revealed, but it is unlikely to have been less than $35m., a figure which would have given Sharjah $12.25m. at least. If production remains at the level achieved in the first three months of 1975 the Emirate's oil income should be about $25m.

Sheikh Sultan's spending programme is based on the promise rather than the certainty of more hydrocarbons. The general feeling, however, is that the optimism shown is justified. It is reflected in the State's success in raising money in the market, as well as the resumed flow of money from the commercial banks (which before the settlement of the Abu Musa dispute had drawn a halt). Since it emerged as an oil producer, Sharjah has derived little from the Federal Budget except for education and indirect benefits from road-building. Concerned that they *should be* controlled by the UAE, Sheikh Sultan has in particular been determined that he should be responsible for Sharjah's power, water and telecommunications. Thus, he sought credit abroad on a large scale to set in motion the development of the Emirate which has an estimated population of 60-70,000 but probably more indigenous inhabitants than either Abu Dhabi or Dubai.

First there was the $50m. general facility organised by Anthony Gibb Holdings and provided by 18 international banks in May, 1974. The six-year loan was raised to finance infrastructure projects and much of it has still to be drawn upon. Secondly, there was the $36m. credit arranged by Citicorp International Bank, the European-Arab Bank Consortium and Chartered Bank to cover three-quarters of the cost of the first phase of the new port.

Designed by Sir William Halcrow and Partners, the project costing £26m. in its entirety takes pride of place in Sharjah's bid to regain its old status and should be completed in 1978 by Archosi Consortium, made up of Archirodon, Huchtief, and Belgium's Six Construct. Associated with it is the $5m. scheme to widen the Creek and form a new inner basin for coastal craft in the heart of the Sukh. For the east coast at Kor Fakkhan bids are shortly to be invited for a two-to-three-berth habour, which could serve the northern part of the main body of Oman as well as the Peninsula.

Power generation contracts with a total value of £25m. are being carried out and also a £5m. main drainage scheme for Sharjah town. A Japanese company is building two bridges as part of the new Sharjah-Dubai trunk road—a State not a Federal project. Under construction is a £20m. plant being built by Six Construct of Belgium with equipment supplied by Five-Lille-Caille of France. Scheduled for completion by the end of 1976, it is designed to produce at a rate of 700 tons a day. In another industrial venture Sheikh Sultan has commissioned the construction of a propylene rope plant at the cost of about £1.5m. Work has started on the £4m. runway for an international airport for which a £6m. terminal is being designed. Situated only a few miles from Dubai's airport, this project perhaps bears most striking witness to vying with its neighbour as a business and industrial centre.

Clampdown

The Ruler has set out to attract foreign investors in all fields. Apart from freedom from tax Sharjah is even less restrictive than Dubai about the use of land which it is still possible for a foreigner to buy. As a result of the open-door policy there has been a rush of banks into Sharjah to the extent that there are now 2, with 43 branches, operating there and would be more if it was not for the Currency Board's clampdown.

The Government has had talks with different foreign interests about the construction of no less than 12 hotel projects among which the one for a 330-bed Intercontinental owned by the Government seems certain to go ahead. Tenders have been out for some time for a resdential and commercial property complex, designed by Australians estimated to cost £13m., and astonishingly named "Watergate" Garden City. Sheikh Sultan sees his state as a tourist centre and, with this mainly in mind, the lagoon at nearby Sharjah town is being dredged at a cost of £1.5m. At the time of the UAE's independence Sharjah of all the seven states was the least stable. Subversive elements were known to exist and the Ruling House seemed anything but solidly united following the bloody coup attempt mounted by one of its members. From this uncertain beginning Sheikh Sultan, who seemed so bashful when he succeeded to the rulership, has surprised many with his vigour and dynamism. He seems to have secured the confidence of his brother Abdel-Aziz, who commands the National Guard, and Sager, who is in charge of the Police.

Now blessed with a son and heir, he is unique among the Emirs as one who graduated from Cairo University. Certainly, he is progressive as befits a state with relatively enlightened record of education going back to 1955. The Ruler's finances and those of the State are still inextricably mixed, but it is believed that Sheikh Sultan may soon publish a Budget. His faith in Sharjah's future is boundless and stimulating economic activity in the State. It would be cruel if there was not sufficient oil income to fulfil the hopes now being generated.

Richard Johns

Abu Dhabi is keystone

IT IS NOT simply a matter of convenience that most people, when referring to the Emirates, tend to say simply: "Abu Dhabi." It is a convenient piece of shorthand, true. But it also reflects to a large extent the political and economic reality which makes Abu Dhabi the most powerful Emirate within the Union and most influential as far as the rest of the world is concerned.

Abu Dhabi's huge oil revenues are the foundation stone of its position. There is also the generous and expansive personality of the ruler, Sheikh Zaid, who appears to combine a breadth of vision and a political acumen. He has contrived to use large oil wealth to make real impact in the Arab world particularly and the developing world.

Sheikh Zaid's generous programme of international aid apart, a certain amount of Abu Dhabi's surplus is also disbursed through the well-conceived Abu Dhabi Fund for Arab Economic Development. The Fund has a capital of \$500m. of which around half is already paid up though, according to its officials, less than \$10m. had actually been disbursed in 1974 due to the time lag in carrying out feasibility studies. This is expected to leap to around \$250m. in 1975 when most of the major projects to which money has been earmarked will be implemented. Interest on the money from the fund (which works in close co-operation with the World Bank and the Kuwait Fund for Economic Development) is anything from 2 and 6 per cent. over periods of 10-25 years.

Experience in the early part of this year (see page 3) showed how Abu Dhabi's chief source of power (receipts from oil constitute over 95 per cent. of total revenue) is vulnerable to fluctuations in world demand. Certainly, the drop in exports in February to half the average level of 1974 by the foreign partners in the now 60 per cent. state-owned Abu Dhabi Petroleum Company and Abu Dhabi Marine Areas came as a shock. Although an unhappy chapter in relations with the Western oil companies seems to have ended and output is being restored, the effect has been that the Emirate expects less oil revenue.

Abu Dhabi has found itself in a financially weaker position this year given her large commitments in foreign aid and internal development. The position was not, as it turned out, quite as bad as some people had forecast but expenditure for 1975 clearly shows some belt-tightening all round with the most significant cutbacks coming in the surplus available for investment abroad.

Projected expenditure for 1975 totals DH19.88bn. (\$2.72bn.), a rise of DH2.88bn. over last year's actual expenditure. This is made up of DH3.27bn. in recurrent expenditure of the Abu Dhabi departments (including those ministries handed over to the UAE Government), DH3.5bn. for the development budget and DH2bn. for the federal budget (which include appropriations for spending on education, health and information on the Emirate itself). The DH3.5bn. appropriation for international aid is a drop of some DH500m. over last year's actual aid outlay, but still considerably higher than had been predicted in the light of the projected revenue for the current year of around DH13bn. (against DH13.5 bn. for 1975). In addition capital payments including such items as the State's contribution to the UAE development bank, its share of the Arab Maritime Transport Company fleet, the balance of its contribution to the IMF oil facility and some local expenditure will take up DH600m.

Commitments

The probability is that, unlike 1974, when some DH4bn. was made available for investment little, if any of this year's expected surplus of around DH2.12bn. will be available to increase the existing portfolios. According to officials Sheikh Zaid was especially anxious to meet as many of his foreign aid commitments as possible, particularly those to the "confrontation States." The 1975 budget tends to reflect the underlying caution of Sheikh Zaid's advisers in the face of what still remains an unstable and unpredictable oil situation.

At the end of 1973 Abu Dhabi's portfolio of long-term investments amounted to DH815m. in book value though rather less than DH760m. in market valuation. At the end of 1974 this had risen to DH5.65bn. in market value (\$1.43bn.) which was roughly divided into about 45 per cent. bonds, some 17 per cent. in equities, 28 per cent. held in liquid assets and the rest mostly in property purchased in France and the U.S. as well as Britain.

In 1974 of the total made available for investment (not all of which had been converted by the end of the year) around 40 per cent. went into fixed interest securities, property bonds and equities, a further 40 per cent. to the Emirate's bond managers (the Crown Agents and Union Bank of Switzerland) and the rest in eight Dirham loans whose beneficiaries included the Austrian Development bank, the Paris Airport Authority, the South Korean Development Bank and Ireland.

In many respects, of course, Abu Dhabi is particularly ill-suited to cope with its enormous wealth. Despite a small but growing coterie of capable Abu Dhabians in the administration the bureaucracy of the Emirate and, in several instances, posts very close to the seat of power, are largely in the hands of expatriate Arabs, many of them are well-intentioned and do their jobs without assuming a patronising air though inevitably some are simply there to cash in on a very rich client who is only just beginning to find his feet.

One is told that this is something which worries Sheikh Zaid who is understandably anxious to preserve the character of his fiefdom and see that the 25,000 or so native Abu Dhabians remain in control of their country. To a large extent he has managed to do this and those officials charged with managing the State's funds, on the whole, move with remarkable maturity. The danger of being swallowed up by the incessant demands of progress are constant and the job of balancing Abu Dhabi's huge development requirements with retaining the character of the place is going to be an extremely delicate one.

This is clearly illustrated by a look at the ethnic composition of the Abu Dhabi defence force. The commanding officer remains British with a heavy concentration of Omanis in the lower ranks, Jordanians at the military academy, Pakistanis in the air force which, recently equipped with two squadrons of French Mirage fighter-bombers also sports some 20 British contract pilots for its Hunters, and a growing number of Sudanese, not least at the general headquarters. It may be a little cruel to describe it as a mercenary force but loyalties cannot, in most cases, be as profound as if the expatriates were serving their own countries.

Immigration

Paradoxically the strict immigration laws (which even the casual visitor to an otherwise hospitable country is made acutely aware of at the airport) have been partly counter-productive. Some first-class professional men whose expertise Abu Dhabi sorely needs tend to be discouraged by the long waiting period for approval and consequently there has been a tendency in the past to attract those who, in any case, might find it difficult to get equally well-paid jobs elsewhere.

Despite these difficulties Abu Dhabi has pressed on with its development (DH.1bn. last year and DH3.5bn. for 1975) and for a place which started out with little more than a strip of white sand, a lot of oil and good intentions just a few years ago, the pace of change has been remarkable. The evidence is there for all to see in the shape of towering office and apartment blocks more often than not in a pleasing blend of Western and Islamic architecture, roads, water towers and bridges and the remarkably successful Alexandria-style corniche town planning has gone well. In the wider sphere of development there is still a lack of co-ordination and projects tend to get chosen on their individual merits.

The emphasis on infrastructure is inevitable. Of equal necessity and immediate value is Sheikh Zayed Zaid's interest in the social services. Certainly for such a small population it will be well served when projects currently in hand are completed. Included are half a dozen new hospitals and rehabilitation centres, which will eventually provide over 1,000 new beds and, hopefully, some of the most advanced treatment available. In the field of education a UAE University is planned — an invaluable institution in the Lower Gulf where education in most places, and particularly Abu Dhabi, is barely a generation old and where local talent is a scarce and precious commodity.

The problem of manpower is also crucial to the success of the major projects in the industrial field currently under consideration and designed to diversify the economic bases. Fundamental to this aim is the plan to develop at Jebel Dhana, now merely the site of ADPC's oil terminal, a big industrial centre maximising the benefits of petroleum and gas in practical ways by using it as feedstock and fuel.

Among its features will be a complete new harbour (to supplement the existing one at Mina Zaid where six additional deep-water wharves and four wharves for ships of five metres draft are being added to existing facilities); a causeway of at least five miles; an export refinery with a capacity of 230,000 barrels a day or more; a soft iron plant; a urea plant, a PVC plant and so on. The estimated cost of the complex as the projects now stand and at to-day's prices is around DH8bn. (£1bn.). Early feasibility studies have confirmed the viability of the concept. A question mark must hang over whether what is produced will find easy markets at a time when other oil producers in the area are thinking along the same lines.

Such a major leap forward into capital-intensive industry, given Abu Dhabi's limited options and size population and raw materials, seems justifiable. But there is an argument for trying to persuade neighbouring countries and competitors to co-ordinate development policies. Despite the UAE Governments there is considerable scope for improvement within the federation itself in that respect.

Alain Cass

The northern Emirates

THE FOUR most northerly Emirates as yet unblessed with oil discoveries live in hope that they will strike lucky as the result of the assortment of minor oil companies busily prospecting in their territory. They are thankful for the Federal bounty that has given them road communications to the south, better health and education facilities, and improved public utilities, particularly electricity. But they remain the poor relations.

In the northern peninsula one Emirate stands out by virtue of its historical past, its general potential and the ambitions of its Ruler. Ras al Khaimah almost certainly has the largest indigenous population in the Union counted at 24,000 in the 1968 census with only 7 per cent. of them "expatriates" (a term then including people from other Emirates) and most of the working citizens employed productively in agriculture and fishing. Now it is variously and perhaps optimistically estimated to contain as much as 60,000 souls.

Back in 1971 Sheikh Saqr bin Mohammed al Qassimi, the Ruler, held back from joining the federation apparently hoping that an exploration well being drilled by his offshore concessionaire to a record depth offshore would strike oil in commercial quantities and seeking, at the least, on the strength of it to obtain better representation in the UAE. The company was unlucky and Ras al Khaimah became a member in January 1972.

No one has any doubt that it is the Kingdom which is financing the international airport which as much as anything signifies Sheikh Saqr's aspirations for the future of the Emirate. With a 3,760-metre runway designed to accommodate Jumbo jets and the most modern communications equipment, the cost is unlikely to be less than £5.5m.—a small sum for the Saudi Treasury but a large one for Ras al Khaimah.

The new facility is scheduled for completion by Mothercat and International Air Radio later this year, with the ubiquitous Sir William Halcrow's acting as consultants as they are for so many projects in the northern Emirates. The suggestion elsewhere was that the strip might be available for the Saudi Air Force in case of need. However, any old understanding on that point should now be of academic interest following the border agreement with the UAE.

The one-eyed, 55-year-old Sheikh Saqr who was recognised as Ruler in 1948, is charming and subtle. While he is something of a traditionalist, though outstandingly literate and flexible, his son Sheikh Khaled, Heir Apparent and Deputy Ruler, has added a modern influence. Not only did he receive education in Cairo, Kuwait and the U.K. but he also visited the U.S. to take a course in public administration. By and large Ras al Khaimah is a well-ordered State. For security it has its own 300-man Mobile Force with a British commander and a handful of Saudi officers to command its two rifle squadrons with a few Ferret scout cars and 81 mm. mortars.

Cramped in their present site along Dubai's Creek, McDermott's, a company specialising in off-shore oil operating equipment, have chosen Ras al Khaimah for recasting steel and fabricating pipes. The Emirate is offering a challenge to the others as a service centre and has been exceptionally welcoming to banks of which there are now 18 operating with 20 branches. For some time now it has been a change-over point and rest centre for oil tanker crews who stay at the state-owned Ras al Khaimah Hotel, also a get-away place for weekenders from the other States. Unable to cope with demand, its accommodation is being doubled.

An example of Al Qassimi initiative some years back was the opening of the Casino at the hotel to which many from Abu Dhabi, Dubai, and Sharjah repair on Thursdays for a night at the tables. Very much in evidence on Fridays now around the swimming pool are the lobster-pink skins of the Norwegians who are gambling on Ras al Khaimah becoming an oil producer. Apart from Norsk Hydro's involvement in on-shore exploration, Norsk Credit Bank is believed to be helping with the financing of the new deep-water harbour at Khor Khair, being built at an estimated cost of £17m.

No doubt the Norwegians could, if requested, give some help with fishing. This is a traditional, continuing and profitable industry of Ras al Khaimah which exports dried fish mainly to Ceylon and Saudi Arabia, and also the dried fins and tails of sharks, which its mariners are peculiarly adept at catching, to Malaysia and Singapore. A feasibility study on a fish-meal plant is under way.

Ras al Khaimah is unique among the Emirates in enjoying a fairly plentiful supply of winter rainfall (as well as underground water resources) from the Hajjar mountains. To the West, its relative greenness under the brow of the craggy spine of the Massumdan Peninsula gives it a very different appearance to the other Emirates although its east coast territory, separated by a strip of Fujairah, is rolling scrub land. Ras al Khaimah has hundreds of acres of well-watered date palms, oranges, bananas and vegetables—veritably the market garden of the UAE to which the State supplies a not insignificant amount of fresh produce and meat. Sheikh Saqr boasts a herd of healthy Friesan cows that are providing milk to Abu Dhabi and Dubai.

The UAE Government is now responsible for the agricultural trial centre at Digdagga. It is taking the lead in persuading farmers to plant the most suitable crops. The latest UAE Annual Survey reports notable success with summer and winter cabbages, cauliflowers, tomatoes, turnips, cucumbers, onions, marrows and aubergines. It has proved possible to grow 70 tons of alfalfa per acre.

Incentive

Back in 1971 the well drilled by Union Oil did produce a modest 5,000 barrels a day. With the selling price of crude having risen so much since then, the result looks encouraging, the incentive of the new concessionaire is that much greater. To Sheikh Saqr's chagrin Vitol, the operator, has had to delay its first drilling until the autumn. If the company is successful then the rest of the UAE will watch to see how he reacts. Sheikh Saqr is considered to be the Ruler most likely to attempt to secede if he had the means to do so.

The Dutch concern Vitol has as partners in the Emirate's offshore concession Venture Weeks Natural Resources, SIR Deutsch Schachtbau, United Refining, Kewanee, Canadian Superior and Asamera Oil. On-shore Norsk Hydro is undertaking the seismic surveys.

Umm al Qaiwain, at least, enjoys some oil revenue—about \$3-4m. last year—by virtue of arrangement reached under Federal auspices that it should receive 30 per cent. of Sharjah's share from the structure off the island of Abu Musa. At the time, the general feeling was that Sheikh Ahmed bin Rashid al Mualla was the Ruler least deserving of such a misfortunate as one who had always been a conciliating and gentle influence among his peers.

Still the sleepiest of the Emirates, the State consists of little more than a fishing village on the coast and a small oasis some miles inland. The UAE Ministry of Public Works is drawing up plans to improve the Creek entrance, provide it with training walls and improve the harbour, but appears to have abandoned a bigger fishing project, because the solid rock forming the harbour basin and Creek entrance would be difficult to deepen. Fishing, however, continues to be the main occupation and the Creek a natural trap for unsuspecting fish.

United Refining now shares the Umm al Qaiwain concession with Canadian Superior Oil, Zapata Exploration and Kewanee Overseas Oil. It was also awarded a concession for Ajman last year. Sheikh Rashid bin Humaid al Naimi, the Ruler of Ajman, a bluff and virile 71-year-old came to power as early at 1928.

His Creek is being improved at Federal expense under a £900,000 contract being carried out by Six Construct and fishing prospers in a modest way. If the number of bank branches operating is a measure of progress, Ajman is running neck-and-neck with Umm al Qaiwain with eleven apiece. Ajman, however, is a livelier place with its shipbuilding and trading activities while its enclave in the mountainous region of Masfout provides variety to the Emirate's diet.

Across the forbidding mountains on the coast of the Gulf of Oman, poor Fujairah has yet to be connected to the rest of the Union by the metalled road. The one under construction is pushing doggedly past Masafi—several hours' rough Land Rover driving from Fujairah Town—but the project should be completed by the end of 1975. The former Ruler, old Sheikh Mohammed bin Hamad al Sharqi, died last December to be replaced by Sheikh Hamad, a progressive 22-year-old who speaks English and even put in some time at Mons Office Training School.

Thanks to the Federal Budget Fujairah, together with the other enclaves of the east coast should soon enjoy the benefits of a proper electricity service. It could yet be the centre of a large UAE fishing project. Like the other northern Emirates it is hopeful about the results of the mineral survey being carried out by Huntings. Meanwhile, its petroleum hopes now are in the hands of Reserve Oil and Gas.

Richard Johns

The legal structure for doing business

The causeway across Dubai Creek.

THE LEGAL context in which they conduct their affairs is of obvious importance to business men, whether their interest lies merely in securing entry to or participation in local markets and projects or in the wider aim of establishing a physical presence in the area.

Different factors play distinct rules in each case and an examination is thus required from both points of view: those wishing to trade or deal "with" the area and those wishing to trade or deal "in" the area. Before considering the peculiarities applicable to each, however, there are certain general observations to be made.

The United Arab Emirates is a sovereign, independent Islamic State. It is at the same time a Federation of seven individual emirates co-existing in terms of a Provisional Constitution effective from December 2, 1971 for an initial five years. With the advent of Federation, these seven emirates, previously separate, autonomous entities in a general treaty relationship with Britain, surrendered part of their sovereignty to the new Federal Government. All laws, regulations and customs obtaining prior thereto, however, are ratified and confirmed and those powers not transferred to the Federation are expressly reserved. Moreover, in the interim, the emirates may legislate within certain of these prescribed areas pending the promulgation of Federal legislation.

It will therefore be appreciated that, while there is a general pattern throughout the area stemming from common cultural ties and a close association past and present, each Emirate retains a substantial degree of sovereignty and a separate body of law, as also the capacity to promulgate new legislation within its own jurisdiction.

In addition, within each Emirate there are two distinct jurisdictions exercised by a separate system of courts: the *Sharia'* (Islamic) courts and the civil courts. The limits of these jurisdictions vary somewhat in each case, but, in so far as generalisations are possible, it may be said that the first extends (whether by law or in practice) to disputes arising between local citizens and matters touching Islamic personal law, while the second extends to all other matters.

The applicable law in each is similar, the principal difference being that, while the *Sharia'* courts look more to the strict principles of Islamic jurisprudence, the civil courts can and do where no express legislation exists seek assistance from local usage and custom and (in accordance with the principles of natural justice, law and equity) from the general body of law and jurisprudence of other jurisdictions, notably Jordan, Egypt, England and France.

Uniformity

Prior to federation, very little "statute" law existed, largely because of the absence of any real need. Towards the end of the British jurisdiction, however, the individual states did adopt a number of laws inherited in part from that jurisdiction, though in the commercial field this was limited largely to a law relating to contracts. Since federation, there has still not been much new commercial legislation, which of course owes much to an appreciation of the need for uniformity and to the fact that much important legislative power is now vested primarily in the Federation. The Federal Government for its part has been preoccupied with establishing its own administrative and executive machinery.

A start has, however, been made with the UAE Currency Board Law, 1973, designed to promote and foster a sound banking and financial system in the national interest by controlling and regulating the establishment of financial institutions. In addition to the permission of individual emirates, the approval of the Currency Board is also required before establishing any banking business and, for the moment, no further licences will be issued to foreign banks, thus limiting the present number of licensed institutions, both foreign and local, to 40 with 247 authorised branches. High on the list of other priorities would appear to be a commercial and companies' code as well as laws protecting trade-marks and patents and a more detailed banking law. In the interim, however, certain emirates may introduce local laws to meet their immediate pressing needs.

There is presently no exchange control and while the Federation has power to impose taxes, till now this remains a matter for individual emirates. In practice, however, income-tax is normally levied only upon oil-producing and banking companies. There are no dividend or withholding taxes and no distinction is made between local and foreign concerns. Individuals and firms are not subject to tax.

Turning to a closer look at the case of foreigners contracting with local parties, not unreasonably one of their concerns is their position in the event of a dispute. This raises such questions as the enforceability of contracts, the language thereof, registration, the validity of a choice of a foreign law and arbitration.

These are questions in respect of which in the complex context outlined above generalisations can be difficult and even dangerous. In principle, however, commercial contracts drawn advisedly and with care will normally be respected by the local civil courts before which such disputes would normally come. These courts may reasonably be expected to apply modern principles of civil law to uphold the customary provisions thereof and will usually respect an express choice of law as well as arbitration, domestic or foreign. At the same time, like all courts, they will resist an ouster of their jurisdiction.

Language

The official language of the Union is, of course, Arabic, but English remains in common use as an important commercial language. In principle, a contract may be in any language, but it may be desirable to register the same in the local courts (which can have a certain value in particular contexts), in which case it must be in Arabic. Additionally, if any contract comes before the local courts for any reason, the Arabic version (or translation) will be decisive. It may thus be prudent in appropriate cases to have the same settled in both languages.

Turning to the case of foreigners seeking to establish a physical presence, whether through a branch or by the incorporation of a local company, again the picture varies according to the individual emirate, each of which naturally reflects the personality and interests of its ruler, its relative economic strength, aims and the needs of its peoples.

The commercially prominent centre is, of course, Dubai, which though increasingly important as an oil-producing state, has never relied upon oil as its *raison d'être*. Its concentration has been on trade and the vital interest of its ruler in all aspects of commerce and industry is reflected in its remarkable growth, in which one important contributing factor has been the freedom and encouragement given to local and foreign enterprise in all spheres, including commerce and banking and now also in industrial fields.

Rapid development and expansion is also to be seen in Abu Dhabi, where the obvious benefits of large oil revenues can readily be appreciated. Abu Dhabi has also an important political and diplomatic role as the temporary Federal capital. This does not, however, mean that commerce is neglected and foreign commercial concerns and investment are also present, though the tendency is towards promoting local participation, whether directly or by means of local agents or sponsors.

Sharjah under a dynamic leadership and with the benefit of increasing oil revenue is beginning to assert itself and its growth and development begin to be seen in many spheres. Private enterprise, both foreign and domestic, is also encouraged and where local participation is associated with foreign enterprise, added encouragement may be given. Sharjah is also interested in developing its Maritime Registry (unique among the Emirates), in which local and foreign owned vessels may register. The importance of this will grow when Sharjah or the Federation becomes party to the International Maritime Conventions.

The remaining emirates tend to follow a similar pattern, with great strides being made in Ras al-Khaimah, while Fujairah seeks to exploit effectively its rich and varied mineral resources. Ajman and Umm al-Qawain are also seeking to play a more active role in various respects. In addition to the benefits increasingly available from federal revenue sources, foreign enterprise, expertise and assistance is welcomed and appreciated.

In order for a party to carry on business in any one of the emirates, it must firstly secure a place of residence and obtain an appropriate licence from the local municipality and chamber of commerce. Moderate fees are payable annually and local bank guarantees may be requested from trading concerns. Outside certain prescribed fields and banking and insurance (where particular considerations apply), licences are normally granted without undue difficulty, whereafter residence permits may be obtained and business commenced.

Corporate

In the case of those seeking to establish separate corporate entities, there is no general companies' law, but incorporation can be achieved by decree of the individual rulers. The facility with which this can be achieved varies depending upon the emirate concerned, the sphere of activity of the proposed company and the extent of local participation, if any. In most cases, however, it is advisable to make a preliminary approach to the ruler concerned for his approval in principle before proceeding with the preparation of a complex set of corporate documentation.

The above attempts to answer in outline some of the principal questions of foreign businessmen seeking to do business or to come into the area attracted by the varied and exciting opportunities in this rapidly developing region. The legal climate is favourable to foreign trade and investment, though it bears stressing that preference may understandably be given to projects more obviously conducive to the advancement of local interests and to persons prepared to identify themselves more closely with the locale. It is therefore prudent to give due thought and consideration to the possible alternatives and the best manner of proceeding.

Neil G. McNeill

ECONOMIC VIEWPOINT

مكتبة الأهل

BY SAMUEL BRITTAN

Wages: the post-referendum game plan

THERE IS a widespread impression in Parliament and the City that within months, if not weeks, of the June 5 referendum, Mr. Denis Healey will present a package of cuts in Government spending. Stated in these terms, I would agree. Indeed, I have a bet with an economist friend that by the end of 1975 we will have had public spending "cuts," import restrictions or the equivalent of wage controls. I am less sure about taxes—the burden will go up through inflation even if the Chancellor does not touch the nominal rates.

It is, however, misleading simply to state these predictions baldly without explaining the policies the Government is likely to try first in an effort to avoid some or all of the above measures. For enough has been said in Ministerial speeches and evidence to Parliamentary Committees to piece together the game plan of the Chancellor for the post-referendum period, assuming that the vote is "Yes."

It is after all extremely unlikely that the Chancellor has changed his mind about the wisdom of a £9bn. public sector borrowing requirement, hardly more than a month after the Budget. There are really only two events which could make him take early action on public spending. One of them was expressed by the Paymaster General, Mr. Edmund Dell (a Minister worth watching), when he warned on Tuesday that the current rate of inflation "makes us too dependent on foreigners who will be ready to withdraw their support if we fail to combat it." Treasury Ministers are thus clearly concerned about the vulnerability of the oil funds on deposit in London. What they want to avoid above all is a situation where a fall in sterling generates expectations of a further fall in snowball fashion.

A foreign exchange outflow could be prevented, as explained on this page on Monday, by keeping interest rates in London higher than those abroad by a margin at least sufficient to reflect international differences in inflation rates: and an exchange rate guarantee would have a comparable effect on the funds to which it applied. But Mr. Dell's reference to "interest rates beyond acceptable levels" shows that the Government will not willingly embark on this course. The old idea of a two-tier interest rate for home and overseas investors still runs up against formidable difficulties of enforcement in a sophisticated capital and money market—even if it were desirable to give foreigners a measure of inflation-proofing denied to British savers and investors.

Action

Thus, as in the past, a sterling crisis is still the most likely event to trigger off Government action on public spending. The second likely trigger would be signs that the public sector deficit is much higher than originally estimated. This is almost certainly the case, judging by local authority spending alone. But the Chancellor would very much prefer to wait until the autumn if the external trigger does not go off. This is partly to allow time for worthwhile revised estimates for 1975-76 to be calculated, but — much more important — because he wants to use the threat rather than the reality of spending cuts to influence the TUC Congress at the beginning of September.

Official evidence over several years to the Public Expenditure Committee has emphasised that the Treasury does not accept the doctrine of a "balanced Budget" in any of its interpretations, or of any formula to govern the size of the deficit. Treasury witnesses have shown some respect, if not full acceptance, for the view that there is a link between the Budget and payments deficit, but have never acknowledged any direct link with internal inflation.

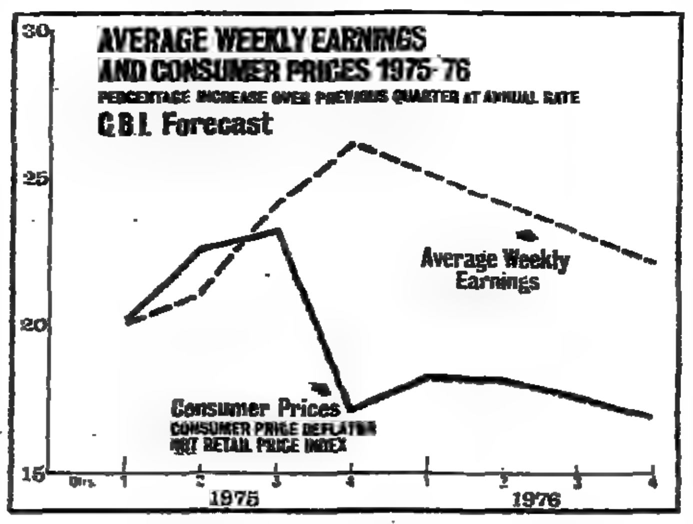
Wisdom

It was obvious from the Budget Speech that Mr. Healey regarded it as a brave break with postwar wisdom not to increase the Budget deficit further in the face of a domestic recession. The item that the Chancellor would obviously like to hold down is "financial transactions." This is what is added to the public sector deficit to obtain the borrowing requirement, and was estimated at £1½bn. for 1975-76. Rescue operations, loans to companies and nationalisation costs come under this heading; and we know that the Budget estimate did not take full account of British Leyland and some nationalisation items.

Such expenditures add very little directly to "demand"—and hence to output and employment — according to the doctrines enshrined in the Public Expenditure White Papers. But they damage confidence through increasing the publicised total for the borrowing requirement, and they make it more difficult to control the money supply. Thus the less "Bennery" there is, the easier the Chancellor's job, presentationally and technically, as well as politically.

But it would be surprising if Mr. Healey were at all keen on cutting the public sector deficit proper, unless it turns out to be growing by startlingly unexpected amounts. The main effect of such cuts would, according to standard doctrine, be to reduce demand and output still further, hardly something the Chancellor will want to do with unemployment rising. Sir Kenneth Berrill, when chief economic adviser to the Government, publicly expressed his disbelief that a reduced demand for labour would—short of a pre-war-type slump— have much effect on wage inflation; and Mr. Healey often expressed similar disbelief before last April.

Have all these eminent men and their advisers changed their minds completely? I doubt it. My own interpretation of the Chancellor's Budget and subsequent speeches is that he is using unemployment (as he is the fear of the IMF) as a threat to induce moderation in wage claims. Higher unemployment is a punishment for excessive wage claims; measures to reduce unemployment would be a reward for moderation. But this is quite consistent with believing that wages are determined by a mainly political process inside the union movement.



Because of the complications of thresholds, and the Budget increases in consumer taxes, it is extremely difficult to tell what is happening to either wage or price inflation. A few calculations I have made with the seasonally adjusted weekly earnings figures, smoothed out, suggest that the rate of increase has decelerated from well over 30 per cent. in the last few months of 1974 to just over 25 per cent. so far this year. But some of this deceleration may just reflect shorter hours and less overtime.

The May retail price index, if it fully reflects the Budget-induced increase of 2¾ per cent., could well be about 25 per cent. higher than a year before, and show an increase of nearly 35 per cent. over a six months period expressed at an annual rate. The chart shows a CBI staff forecast indicating a reduction to about 19 to 20 per cent. by the winter (1 or 2 per cent. have to be added to the "consumer price index" to obtain the Retail Price Index).

A large part of the improvement shown in the chart simply reflects the working through of the Budget taxes and the recent rate increases. But there is some allowance for gradual fall in the ratio of import to domestic prices (even after allowing for some further sterling depreciation).

Scepticism

I doubt if this forecast will prove reassuring to Whitehall. Even if it is believed, a rate of inflation settling down to at least twice the rate of our competitors is not compatible with existing policies on sterling interest rates and indexation. Moreover, CBI reports that private sector wage settlements are below public ones have encountered a good deal of scepticism on the grounds that the intervals are shorter. Ministers are in fact quite likely to base their policies on the assumption that the underlying growth of wage costs may actually accelerate without further measures. Whether the threat of re-acceleration arises from resistance to increases in the tax burden, from the contagious weaknesses of the public sector as an employer, or from the spectacle of State rescue operations, or is a myth, it is still very influential.

What then are the policy options on the kind of economic analysis with which Whitehall is publicly identified? There are four main possibilities:

1—A tightening of the "social contract" guidelines so that average pre-tax wage increases are kept in line with price increases.

2—A voluntary or statutory indexed wage freeze.

3—Public spending cuts and/or tax increases, and rising unemployment, until the unions agree to 1 or 2 above.

4—An Elkan-type scheme to tax excessive wage increases and return them to employers to hold down costs and prices.

The list can, in fact, be shortened. A so-called wage-tax scheme in practice is likely to be some dressed-up way of increasing taxes to reduce demand, partially offset by some price subsidies. If a tightened up "contract" on the lines indicated by the new TUC circular could be made to stick, it would be equivalent to an indexed freeze. The main difference is that in the case of a voluntary freeze, employers in both the public and the private sector would be asked to enforce it, as in the time of Selwyn Lloyd. The CBI suggestion, although still vague, is along these lines.

Sweeping aside all other objections, an indexed freeze is not in its own terms a very potent anti-inflationary weapon. If wages are tied to, say, a 20 per cent. rate of price inflation, and other home costs rise in proportion, we have nearly built a 20 per cent. rate of inflation into the system. The main opportunity for de-escalation comes from productivity growth, put at 2½ per cent., and from a hoped-for continued decline in the relative price of imported commodities. Some quite small slippage in enforcement, or unforeseen world trends, could easily reverse the process.

Stampede

One worry about the current official approach is that the combination of fear of starting a stampede out of sterling, and a desire to keep down import prices, will cause the authorities to try to maintain sterling at an uncompetitive level, or at the very least hestitate to make the public declarations about exchange rate policy which would reassure industry about its export profit margins. We will thus be left with import controls as the only plausible way of stemming the rising trend of unemployment, which will be apparent from to-day's figures.

But there is a second more worrying danger. It is within the bounds of possibility that inflation next winter will be less than many people fear and the balance of payments stronger. If and when this happens, there is every likelihood that the Chancellor would stoke up home demand again, say, next Easter, as he has already promised to do in such circumstances, and start up the familiar cycle which will take us to fresh inflationary peaks.

Letters to the Editor

Running a railway

From Mr. E. R. Gurney.

Sir,—Colin Jones on British Rail (May 15), has produced some very pertinent points and his most telling is his postulation "that the real problem is one of organisation and management drive." This is probably the crux of the matter but the unfortunate management's hands must first be untied.

The really bad showing is clearly in freight, probably less than 15 per cent. of which moves on the railways. Observation of HGV traffic on the M1, M5 and M6 is sufficient to give broad indication of the type of traffic now travelling by road and, to an increasing extent, I note, in foreign manufactured vehicles.

Coal is being "shipped" from South Wales to Yorkshire by lorry—presumably because it is cheaper so to do—how stupid can we get? I do not agree that "road transport pays many times more in taxation than the internal costs of the track it uses." The road tax paid by such vehicles is derisory compared to the proportional value per hour of the superficial area they occupy on the motorway road surface, quite apart from the costs arising from their poor safety record compared to rail freight.

The environment for the efficient use of our transport system must first be created so that market forces can be allowed to work to improve both the freight ton/miles per waggon and the freight ton per staff. For this, two key elements are necessary:—

(a) The institution of tolls on motorways for all vehicles on a pro rata basis. The French charge tolls on our vehicles, so this is presumably allowed by EEC regulations; and (b) The acceptance of the principle that while railway stock is a national capital asset, trains could be operated more efficiently by contract. We know this system works well for TV and the SNCF has shown that it can also work for mixed usage branch lines that might otherwise have been closed.

If the management system does not work, and demonstrably it has *not* worked, the environment in which it must operate must be changed.

E. R. Gurney,
E. Roland Gurney and Partners,
30, Milsom Street,
Bath.

Links with your MP

From Mr. R. Robinson.

Sir,—May I congratulate Mr. Joe Rogaly on his article on electoral reform (May 6)? It is indeed gratifying to hear the call for proportional representation from quarters other than those lone voices from the wilderness of fanatical and frustrated Liberals.

I would, however, like to take issue with your correspondent on one point, and that is his acceptance of criticism that multi-member constituencies would lead to a reduction in the direct link between MPs and constituents.

Under a single transferable vote (STV) system, only a very small minority of electors would not be represented by at least one MP of their own party; constituents would feel more inclined to look to an MP whom they had directly helped to elect and with whom they would share common political beliefs.

MPs in areas which currently constitute "safe" seats would be under a more pressing obligation to serve their constituents to the utmost of their ability, because the choice which the electorate would have between candidates of the same party, as well as of different parties, would ensure that no MP's seat would be truly safe.

An electoral system which fairly reflected the will of the electorate would do much to restore faith in British government, and would encourage citizens to have more contact with their representatives

An MP for a particular constituency under STV would be far more likely to be a local man or woman, with a correspondingly greater understanding of the particular problems of the locality.

R. C. Robinson.
Elmwood.
Elwy Gardens,
Llandudno,
Gwynedd.

Transferable votes

From Mr. A. T. G. Tuffin.

Sir,—Most people may agree with (in alphabetical order) M. Thatcher, J. Thorpe or H. Wilson, but, in a democracy, voters should have just as much opportunity to support, say, P. Hain, E. Powell or A. Wedgwood Benn. The party list method of proportional representation suggested by H. McAlister (May 12) would deny this opportunity. It would give even more power to party leaders and encourage splinter parties. It would also destroy constituency representation which encourages identification between an MP and his or her constituents.

The single transferable vote system ("STV") not only achieves proportional representation but reduces the powers of party leaders by giving voters a choice between different candidates of the same party. It discourages splinter parties because it allows for a wide spectrum within each party. Although I support STV in common with most other Liberals, I recognise that STV could be the final blow for the Liberal Party in the long run because it could encourage liberalism in the other two major parties.

Under the present system, the Liberal Party would have to be invented, if it did not already exist. G. Clark who suggested (May 12) that the Liberal Party should wind up ignores the desire of 5m. or 6m. voters for a Liberal Party. In the unlikely event of J. Thorpe and co. accepting G. Clark's advice, I shall certainly ensure that there is still a Liberal Party in my constituency and I have no doubt that other Liberals would do the same in their constituencies.

Anthony Tuffin.
Lakelin, 7, Heron Mead,
Pagham, Bognor Regis, Sussex.

Burmah's BP holding

From Mr. J. G. R. Rix.

Sir,—The Bank of England and Government are in danger of setting some debilitating precedents if they do not rectify quickly the moral misdemeanours they have, perhaps inadvertently, committed with the acquisition of Burmah's BP holding.

Firstly, they became party to the breach of a solemn undertaking by the Burmah Chairman that "no redeployment of the BP holding will take place without the prior assent of the Burmah stockholders in General Meeting." Whatever the subsequent circumstances, this morally registered a charge to the shareholders of the BP holding—condoning its breach can only bring into question the whole tenor of relationships of Government agencies and others—whether it be directives which have not the force of law or the normal co-operation of "the people."

Secondly, in view of the importance to BP and its share price of the then imminent retroactive changes to be made in the terms of taxation of profits from their North Sea licences the Government was undoubtedly, when considered as a whole, "insider trading." In this connection the share price was also heavily under the influence of impending legislation where specific as well as general uncertainties had caused undue depression.

Thirdly, the price paid had no connection with any assessed worth, which even at end 1973 historical figures certified by the auditors was 567p per share, only 18 per cent. of which was in production assets, and which included oilfields at cost rather than their true worth. Any open offer for sale at that time would probably have obtained a price far nearer that level.

Let us hope that any sale now being contemplated takes into account the latest accounts which show shareholders' funds of 887p per share (under CPP accounts) and adjusts this for the real value of the North Sea and Alaskan oilfields—rather than be based on the short term "market" price which still reflects considerable uncertainties.

While the Government may have no absolute legal obligation to Burmah Oil Company, it has a moral obligation to Burmah's shareholders to hand over most of the profits involved, at least up to current share values, while there might be some case for the Bank keeping a substantial share of the balance should it obtain say £10 per share.

J. G. R. Rix.
Wodehouse, Headley,
Nr. Bordon, Hants.

Costs and capital

From Mr. J. Jackman.

Sir,—Not for the first time we appear to be struck by an epidemic of complacency. In all the many articles and letters which I have read on inflation, little attention or comment has been paid to the effect of increased wages' costs on working capital.

Many people seem to believe that provided an increased cost is matched by an increased price (though, of course, in many instances it is not) that is an end to it—we have inflation, but we know all about that! But all costs have to be funded by working capital. Since most of us will not allow credit to our employers, as do suppliers of raw materials, etc., wages have an immediate demand on cash resources. Where is the new working capital to come from?

For working capital, wage increases of 30 per cent and more represent an appalling time bomb for that day when, hopefully, business demand improves. With slack demand at present, many businesses are being shielded from the effect of this added call on resources as cash is collected faster from debtors than new sales are created and costs incurred. Through short-time working and lack of overtime many people are not yet receiving the full benefit of their new high wage, but when business recovers we must consider where the cash is to come from to meet their higher wage entitlements. For many private companies, in particular, the answer is by no means clear.

J. F. Jackman.
24, Harvey Road,
Guildford,
Surrey.

Leyland on the rails

From Mr. G. Lenton.

Sir,—In your editorial "Cutting Railways down to size" (May 12) you say "it is up to British Rail to obtain the maximum use out of the resources it has available." Now that the State is likely to acquire a majority shareholding in British Leyland should we not expect its products to be carried by British Rail and thus free the roads of the monstrous double-decker car transporters? This, I feel, would be beneficial both to the financial health of the railways and the environment as a whole.

G. Lenton.
35, Tiverton Road, Bedford.

Local authority financing

From The Assistant County Treasurer, Cleveland County Council.

Sir,—In his article "Restoring Financial Discipline to Local Government Spending" (May 7) Mr. Jones has put his finger on what I believe to be two of the most significant problems of controlling local authority expenditure. The first is the problem of relative price effect and central Government policy of keeping total domestic rate payments to about 2 per cent. of total consumer incomes. The second is the lack of specific link between loan sanctions for capital expenditure and revenue expenditure. This latter point is a really critical weakness in the present system, but it is one that can be overcome without the increases in Government detailed control that Mr. Jones regards as necessary.

There are several aspects to the problem. A decision now to let a contract on a capital project, for example, a new school commits a local authority to revenue expenditure which rises over (say) a three year period. The bulk of local authorities' real growth in revenue expenditure in recent years has almost certainly arisen from capital expenditure developments and not from developments associated only with revenue expenditure.

It follows that in order to achieve much lower revenue growth rates within Government guidelines, there will need to be a drastic cut-back in capital expenditure programmes. Such a cut-back is, under serious consideration by many local authorities. It could mean the abandonment of 1975-76 starts on all new capital projects.

The consequences of this would be a drastic cut (up to 50 per cent.?) in capital expenditure. Total public expenditure (capital and revenue) incurred by local authorities would then fall in real terms by a substantial amount, perhaps 10 per cent.

What is lacking here is a proper link between capital and revenue expenditure. In my view the only reason for this link not already being used is Government's basic lack of knowledge about how local government finance actually works. (This is matched by an equal ignorance within local government of exactly how central Government makes its decisions on finance.) If local authorities are to keep within Government guidelines on revenue expenditure, then they are forced into the ridiculous policy of cutting existing services in order to expand the *same* services, for example reducing expenditure in old schools to pay for the same expenditure in new schools.

What possible solutions to the problem exist? Government should review the growth rates for capital and revenue expenditure and harmonise them. In the short term, one answer may be to relate the distribution of Rate Support Grant in 1976/77 to the size of the revenue consequences of capital programmes committed at this point in time: but this would be inadequate as a long term solution. A permanent solution could be found in a distribution formula which had regard to both capital and revenue proposals.

Government must be prepared to give local authorities reliable advice on growth rates at least two years ahead. The downward projections during 1973 of local authority growth in 1974/75 were quite pointless if, as I suggest, the bulk of the growth had already been committed before the first forward estimate of 6 per cent. was even made.

Another move could be to *change the method of financing* local authorities capital expenditure from basically loan to basically revenue. Such a change would enable local authorities under Government guidance to choose whether or not it was capital type expenditure they cut or revenue type expenditure when economies were needed.

None of these proposals calls for any increased detailed control. But they will, I believe, greatly enhance both Government's ability to control total local authority expenditure and local government's ability to respond to what are regarded locally as reasonable requests from Westminster.

The views expressed here are personal. They do not necessarily reflect the views of Cleveland County Council.

P. G. Morgan.
14, Heathrop Drive,
Hunters Hill, Guisborough,
Cleveland.

Deep sea mining

From Georgina Chambers.

Sir,—I read with interest the letter (May 13) from the technical controller, Consolidated Gold Fields.

It may well be that figures estimated by John L. Mero in 1959 are out of date, and not a reliable basis for current prognosis. I am interested to know upon what, and whose, research Mr. Moncrieff bases his facts. Also I realise that areas in the Pacific have acquired the reputation of being an Aladdin's Cave, as far as these nodules are concerned, but I understand they occur in other oceans, and wonder if Consolidated Gold Fields has any data on possible yields from these sources, and their exploitability.

The developing countries producing these minerals, understandably, will be apprehensive about the entry into world markets of the products of these nodules. The UN Law of the Sea Conference meets for its next session in New York in March next year. Publication of all available information its source and date, would give delegates to UNCLOS III an opportunity to make an informed guess, and, to the rest of us, the hope that international agreement will emerge giving protection to the underprivileged.

Georgina Chambers.
World Development Movement.
Bedford Chambers,
Covent Garden, W.C.2.

To-day's Events

GENERAL
Unemployment figures for May published.
NATO defence planning committee meets, Brussels.
President Makarios of Cyprus begins visit to Gulf States.
Representatives of major Cocoa producing countries open talks on price support measures, Abidjan.
Association of British Chambers of Commerce annual report published.
Parliamentary report on redevelopment of London's dockland published.

PARLIAMENTARY BUSINESS
House of Commons: Economic Affairs—the Opposition, led by Mrs. Margaret Thatcher, attacks Government's economic policies: New Towns Bill, remaining stages.
House of Lords: Air Travel Reserve Fund Bill, consideration of Commons message: Public Service Vehicles (Arrest of Offenders) Bill, committee and remaining stages: International Road Haulage Permits Bill, report and third reading; Policy Holders Protection Bill, committee: Mobile Homes Bill, second reading: Solicitors (Amendment) Bill, committee and remaining stages. The House will then rise for Spring Holiday and resume on June 9.

OFFICIAL STATISTICS
Second preliminary estimate of of consumers expenditure (first quarter).
Final car and commercial vehicle production (April).
New vehicle registrations (April).

COMPANY RESULTS
Debenhams (full year).
Northern Foods (half year).
Proprietors of Hay's Wharf (half year).
Stenhouse Holdings (half year).
Trafalgar House Investments (half year).
Imperial Chemical Industries (first quarter).

COMPANY MEETINGS
See page 29

COMPANY NEWS + COMMENT

Hawkins & Tipson sticks to forecast

REAFFIRMING THE forecast of a £1.1m. profit for the current year (£1.17m. before a £305,000 stock provision). Mr. J. E. Hawkins, chairman of Hawkins and Tipson, also discloses in his interim statement, plans to raise some £950,000 by way of a rights issue.

In the six months ended February 28, 1975, profits have gone ahead from £309,000 to £549,000, and for the second half a figure of around £550,000 is expected.

The net interim dividend is unchanged at 0.7p, and a final up from 1.913p to 2.55p is forecast on the higher capital. The Treasury has approved the increase in the total.

	First-half 1974-75 £000	1973-74 £000
External turnover	5,904	[illegible]
Profit before tax	549	309
Taxation	[illegible]	161
Net profit	264	148
Interim dividend	[illegible]	[illegible]

The rights issue is on a three-for-eight basis in Ordinary shares at 52p each, payable in full on acceptance on or before June 16 (3 p.m.).

Proceeds of the issue will be applied towards the capital expenditure programme including the commissioning of a wire rope unit and of a synthetic fibre rope machine each having a cost of about £350,000.

Underwriters of the issue are N. M. Rothschild and Sons.

● comment

Hawkins and Tipson has been stressing for some time now the need for new plant to cope with demands for more sophisticated products: apart from the cash flow, a special provision of over £300,000 was made last year for obsolescence and it is purely for updated plant that the rights issue has been made. Trading has clearly remained buoyant and, with raw material costs more or less levelling out, profits are 77 per cent. higher. The overall profits forecast, however, is either very conservative, since adding back the provision gives a similar figure for 1973-74, or it implies that inflation will catch up with the company in the second half. Still, the shares at 82p stand to benefit from the near 1½ points increase in the yield now at a proposed 6.75 per cent. ex rights.

LLOYD'S SAYS STAY IN

Britain should remain in the Common Market, Mr. Havelock Hudson, chairman of Lloyd's of London, stated yesterday. He said: "The committee of Lloyd's is unanimously of the opinion that it is in the best interest of Lloyd's that Britain should remain in the EEC.

INDEX TO COMPANY HIGHLIGHTS

Leisure Caravan record

CARAVAN PARK operators *Leisure Caravan Parks* reports that taxable profit for the year ended February 28, 1975 advanced from £768,109 to a record £935,249. After the first eight months when announcing profits of £938,000 the directors said that *profits for the year would not be* materially different from this figure.

Earnings per 10p share are shown to be up from 3.6p to 7.4p and the dividend is raised from 4.05p to 4.42p with a final payment of 3.14p net.

The directors say that the occupation of the parks continues at a very high level and so far all the indications are that the growth in profits of the group will be maintained. It follows, therefore, that in the current year for the first time, pre-tax profits will exceed £1m.

	1974-75 £	1973-74 £
Depreciation	109,217	92,465
Interest charges	130,394	105,378
Profit before tax	955,249	768,109
Tax	360,000	331,000
Net profit	575,249	437,109
Exceptional profit	—	*100,077
Dividends	345,507	313,400
Retained	229,742	221,786

* Realised profit on sales of land and buildings.

The group's cash-flow continues to be satisfactory. Towards the end of the year, advantage was taken of cash discounts for quick payment for caravans which otherwise would have been purchased on normal credit terms and, therefore, in spite of inflation creditors were reduced. Bank overdrafts are at their highest at the end of February and last summer, as in previous years, not only had all overdrafts been repaid, but the group had substantial sums on short-term deposit.

A similar cash trend is expected this year which will be assisted by the discontinuance of advance corporation tax surcharge (group saving £100,000) and an anticipated further increase in unearned rental income, they add.

The rate of VAT on holiday static caravans, in which the group is principally interested, was not altered in the last Budget, and the increase in VAT on touring caravans is not expected to have a material effect on profits.

● comment

Leisure Caravans has maintained its impetus throughout the least important final four months for overall profits some 24 per cent. higher. For the current year the volume of rentings should be roughly comparable with 1974-75 but with rents rising, at a minimum, to match inflation pre-tax growth should continue the present rate. On-site activities stand to benefit from another heavy level of bookings: at this stage they are well ahead but the comparable period was affected by the three day week. The shares at 65p yield a useful 11 per cent.

Woodmill loss after provisions

After property write-downs and doubtful debts provision, **Woodmill Property Group** has incurred a loss of £494,403 in the year ended September 30, 1974, compared with a net profit of £170,839. This is equal to 3.4p (1.0p) per 5p share.

Rental income came to £97,640 (£93,999) and sale of properties £1,258,603 (£1,990,300). There was an operating loss of £41,405 (profit £310,239).

The provision to reduce book figures of properties in hand to take account of fall in values resulting from recession in the property market is £316,000, and doubtful debt on any shortfall arising on disposal of property held as collateral against a loan to non associated companies £137,000.

Downturn at Int. combustion

GROUP PROFIT before tax of manufacturers and constructor of boiler **International Combustion (Holdings)** fell from an adjusted £1.43m. to £477,000 for all 1974 after an advance from £529,000 to £896,000 at half way. Turnover is down from £917,000 to £870,000.

Results for 1973 have been adjusted to reflect the scheme of arrangement and amalgamation with Clarke Chapman effective from January 1, 1974 as if it had been applicable throughout the year.

Tax takes £629,000 (£1.04m.) leaving a net loss of £152,000 compared with a £389,000 profit.

Against a forecast of not less than 1p gross per 5p share a dividend of 0.98p gross is declared at a cost of £303,000.

After extraordinary debits of £259,000 and minority profits of £2,000 a deficit emerges at £716,000.

● comment

It was clear in January that **International Combustion's** hopes of at least maintaining pre-tax profits in 1974 had been dashed by news of substantial losses at its South African associate. As it is, the group's half-share in losses, totalling roughly £1.2m., has clipped over £1m. off the comparable adjusted figure and, because these losses are ungroupable, the dividend has been paid out of reserves. The problems have stemmed mainly from an over-ambitious approach to new chemical plant contracts, which the group is attempting to rectify with a view to break-even, perhaps in 1975. Australian associate profits continue to improve but the outlook for the Nusoll prototype in the U.K. is uncertain. One support for the shares is that a fair slice of a net worth total of £9.4m. is represented by cash: a market capitalisation of £3.9m. at 9p, where the yield is 11.2 per cent., pays scant respect to the remainder of the group's investments.

Cormac McCarthy

Mr. G. J. (Bob) Wilkins, chairman of Beecham Group, which yesterday announced that it had made pre-tax profits of £61.9m. in the year to March 31, 1975, from sales of £436m., compared with profits of £55m. from £338m. of sales in 1973-74.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beecham Group	2.66	Aug. 6	2.44	5.11	4.71
Brunning Group	0.83	—	2.43	3.57	1.99
Hawkins & Tipson ...int.	0.7	—	0.7	—(a)	2.61
Selincourt	0.38	July 2	0.35	0.73	0.68
Thanet Invest. ...int.	0.7	July 4	0.7	—	2.37(b)
Int. Combustion	0.30	—	—	0.65(c)	—
Farm Feed	3.35	—	2.01	3.35	3.41
Wormalds Walker	Nil	—	1.68	Nil	2.11
Young & Co.'s Brewery	1.38	—	1.44	2.38	2.19
Wedgwood	2.1	—	1.09	5.1	3.84
Plantation Hldgs.	0.86	Aug. 8	0.81	1.64	1.51
Totalisators Greyhounds	0.34	June 24	0.40	0.34	0.49
Allan Kennedy	1.6	Aug. 3	1.5	2.45	2
Redfearn Glass ...int.	0.87	July 15	0.87	—	3.36
Leisure Caravans	3.14	Aug. 22	3.25	4.42	4.05
Pentland Inv. Trust int.	0.88	Aug. 1	0.88	—	2.63
John Carr (Dncstr.) int.	0.5	July 11	0.5	—	1.4
John Crowther	0.49	Sept. 9	0.45	0.49	0.45

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Final of 2.55p forecast on capital to be increased by rights issue. (b) Included 0.67p bonus. (c) Equivalent to 0.98p gross against a forecast 1p.

Farm Feed marginally lower

PROFIT BEFORE tax of **Farm Feed Holdings** dropped from £319,607 to £200,362 for the year to January 31, 1975, after being down from £91,000 to £61,650 at halfway.

Chairman Mr. L. R. Philby said in his annual statement for 1973-1974 that despite difficulties in the agricultural industry, the directors anticipated a further increase in profits during the year, particularly in the second half.

Earnings per 25p share for the year are shown to be down from 3.9p to 4.3p. An increased final dividend of 3.35p net makes 3.35p (3.41p).

	1974-75 £	1973-74 £
Turnover	3,432,293	1,877,808
Pre-tax profit	200,362	319,607
Tax	117,108	111,992
Net profit	83,254	107,705

The operating surplus before depreciation for 1974 was £257,451, or £16,824 less than in 1973. After charging depreciation, loan interest, non-recurring expenditure and crediting investment income, a deficit of £5,485 was incurred compared with a net surplus of £50,203 in 1973. Mr. Chalmers was re-elected.

Devenish unchanged at halfway

From increased turnover of £3.72m. against £3.06m. profit before tax of brewers **J. A. Devenish and Company** was virtually unchanged at £157,947 for the 24 weeks ended March 14, 1975, compared with £157,432.

With 80 per cent. of the annual profit being earned during the second half year the company's performance is linked to the level of summer holiday trade in the south-west of England and prospects are considered good despite the general gloom, say the directors.

The interim dividend is lifted from 1.375p to 1.5p net. Last year's total was 4.5p from profits of £915,327.

	24 weeks 1974-75 £	1973-74 (Adjusted) £
Turnover	3,721,299	3,061,503
Profit before tax	157,947	157,432
Tax	82,000	76,250
Net profit	75,947	81,182
Pref. dividend	6,243	6,243
Attributable to Ord.	69,704	74,939
Interim dividend	35,188	50,589

Statement Page 29

High stocks boost Allan Kennedy

Rises in the value of stocks built up to a high level at the end of the last financial year have increased pre-tax profit of **Allan Kennedy and Co.**, manufacturers of industrial flooring, from £39,664 to £106,475 for the 12 months ended March 31, 1975, after £51,184, against £10,106, at half-way.

Stated earnings per 25p share are up from 2.56p to 6.25p and the final dividend is 1.6p net, which increases the total from 2p to 2.45p, for which Treasury consent has been received.

Turnover expanded from £703,851 to £1,004,835 and after tax up from £19,200 to £56,500, net profit increased from £20,464 to £49,975. A total of £30,375 (£4,464) is retained.

Dundee port £5,435 deficit

THE VOLUME of goods handled at Dundee Harbour last year established another new record, said chairman Mr. James Chalmers yesterday at the annual meeting of the Harbour Trust. Within the past seven years traffic had doubled.

Although North Sea oil traffic rose substantially, the rate of increase was below forecast. This was because of a slower pace in offshore activity due to hostile weather, escalating costs of development and uncertainties over national policies.

£0.5m. turnround at Wormalds Walker

On turnover increased from £5.84m. to £6.2m., woollen textile manufacturers **Wormalds, Walker and Atkinson** incurred a pre-tax loss of £210,223 during the year to February 28, 1975, compared with a £238,450 profit the previous year. At half-time there was a pre-tax profit of £24,201 (£97,463).

No dividends are being paid, against 2.1135p net in 1973-74.

There is a tax credit of £60,717, compared with a charge of £103,219, leaving a net loss of £59,508 (£135,231 profit).

At half-way the directors explained that the results were affected by reduced demand in some sectors, a continued labour shortage in those areas unaffected by a downturn in trade and a provision made in the valuation of stocks because of a fall in raw material values.

Second half improvement by Tern-Consulate

A pre-tax loss of £34,391 compared with £70,801 is reported by **Tern-Consulate** for 1974. At half way when reporting a loss of £40,737 the directors said that the loss for the full year would not exceed this figure.

They now say that they anticipate that the company will not report a loss for the half year ended June 30, 1975.

Turnover for 1974 has fallen from £1.58m. to £1.81m. There is a tax credit of £4,000 (£35,408).

Again there is no dividend.

The directors state that turnover for the first five months of the current year is greater than the same period last year and the forward order book is significantly higher than at the same point last year.

The company manufactures shirts and ties.

Selincourt recovers in second half

TEXTILE AND clothing group **Selincourt** has made up all lost ground in the second half of 1974-75, and has ended the year with profits unchanged at £1.72m., despite a loss of over £300,000 by Tricosa in France and a substantial deficit by Macdougall in Scotland.

At the halfway stage profits down from £908,000 to £718,000 were announced, but the directors said that with most of the group steadily moving forward, they were optimistic.

Chairman Mr. R. A. Palfreyman is certain of a sharp improvement at Tricosa this year, and profits are currently being earned at Macdougall, he reports.

After providing for tax, minorities and extraordinary losses of £349,000 (£105,000 profits) the year's attributable balance emerges down from £935,000 to £363,000. The extraordinary loss comprises £199,000 book-keeping adjustments arising from the liquidation of non-trading subsidiaries; and a provision of £150,000 to cover an investment in a travel agency business.

As regards the provision the chairman says since this is early days and although "we are reasonably confident of the outcome we have considered it prudent to make provision against this involvement."

Earnings per 5p share are down from 2p to 1.71p. The dividend is raised from 0.68p to 0.73p, with a final of 0.38p.

	1974-75 £000	1973-74 £000
Group turnover	34,982	29,254
Profit before tax	1,718	1,716
Net profit	732	825
Minorities profit	20	*5
Extra-ordinary losses	349	†105
Attributable	363	935
Dividends	308	287
Retained	55	648

* Loss. † Profits.

The chairman reports that most of the U.K. companies have done reasonably well and Frank Usher is pushing ahead with expansion in its Marks and Spencer operation. This offshoot's excellent results are being improved upon in the current year.

The group has mitigated to some extent the drain on profits caused by inflation, high interest rates and depreciating sterling, by profits realised in buying in for cancellation loan stock to a nominal value of £½m.

● comment

Selincourt has come through strongly in the latter stages of 1974-75 to show a second-half profits improvement of 23½ per cent., after a 21 per cent. setback at the six months stage. The good news is that the two loss-making subsidiaries—Tricosa (loss of £300,000) and MacDougall (loss of £200,000)—should now be in profits, or at least washing their faces. Thus, there is a straight turnround capability of £½m. Overall, the results are better than expected anyway, largely thanks to the performances of two other subsidiaries, Taylor Merrymade and Frank Usher. In the balance sheet, however, a downward valuation of properties, plus increased borrowings, leaves shareholders' funds (excluding goodwill) of £3.9m. supporting debt of £9.33m. The yield of 13 per cent. with the shares at 9p is taking the only view possible.

Setback for John Crowther

WOOLLEN TEXTILE manufacturers **John Crowther Group** reports profits more than halved at £245,125 for 1974, compared with £525,128. At halfway the decline was £89,000.

The dividend is the maximum permitted 0.488p per 25p share, against 0.45p.

Current deliveries are in line with the previous year, but an increasing flow of orders is enabling the company to operate at a higher level of activity, the directors state.

	1974 £	1973 £
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	718,338
Depreciation	113,638	98,372
Interest paid	162,569	94,858
Profit before tax	245,125	525,128
Taxation	97,227	[illegible]
Net profit	147,898	[illegible]
Extraord. credit	—	218,548

Tax losses of £790,000 (including £430,000 arising from the increase in stock values since December 31, 1972) are still available to offset future profits subject to any clawback of the stock relief.

Profits for 1974 suffered from an increase in interest charge of approximately £60,000 as a result of the chairman having to withdraw his countervailing bank credit account on March 31. This was necessitated by recent taxation legislation.

Gains in marketing and improvements in productivity were more than offset by the steep fall in wool particularly and other raw material prices, which together with the pressure of higher wages and fuels, etc., had an adverse effect on profits.

Bank indebtedness has been reduced by over £500,000 to £723,805 notwithstanding capital expenditure during 1974 of £213,000.

Overseas growth keeps Beecham moving ahead

WITH AN increase in the overseas profit contribution more than covering a fall on the U.K. side, taxable profits of the Beecham Group emerge £6.9m. to the good at £61.9m. for the year ended March 31, 1975; this follows an improvement from £24.98m. to £27.8m. at halfway.

At the trading level the year's profit showed a rise from £60.4m. to £68.5m.—including royalty income of £7.3m. (£6.7m.)—and was achieved from sales of 436.4m., against £338.4m.

Overseas sales increased by 37.7 per cent. and profits by 27.5 per cent., while in the U.K. sales rose 16.2 per cent., but profits were down by 22.2 per cent. Overseas operations, including U.K. exports, now account for 63.3 per cent. of sales and 80.6 per cent. of the trading profit.

Earnings per 25p share are stated at 22.84p, against 20.64p. The dividend is raised from 4.714p to 5.11p net—the maximum permitted—with a final of 2.66p

Beecham shares issued in respect of the conversion of guaranteed convertible debentures of Beecham International Holdings S.A. between June 2, 1975 and July 29, 1975 (the day prior to AGM) will be eligible for the final dividend.

	1974-75 £m.	1973-74 £m.
Group sales	[illegible]	[illegible]
Trading profit	68.5	60.4
Loan interest	6.6	5.4
Profit before tax	61.9	55.0
Taxation*	25.7	25.5
Net profit	36.2	29.5
Minorities	0.4	0.4
Attributable	35.8	29.1
Dividends	7.3	6.7
Retained for the year	28.5	22.4

* Includes overseas tax £16.0m. (£12.1m.).

Sales and profits for 1974-75 include the first full year of acquisitions made in 1973-74. These, with the effective acquisition dates, were: Batchelors (December 1973); Laboratories Néolait (December 1973); Lingner Group (January 1974); Fleetwood Group (April 1974).

In 1974-75 there was a net exchange debit of £0.7m. (credit £0.8m.). In accordance with accounting policy this adjustment has been taken direct to reserves.

See Lex

Atlas Electric

Estimates of Atlas Electric and General Trust indicate some increase this year in franked income despite the Government's counter inflation measures and recent tax increases, the directors state. Foreign income should continue to improve.

The level of unfranked income will, however, be mainly dependent on movements in short-term interest rates and the timing of investment cash balances.

On the Common Market the directors state that withdrawal by Britain would discourage modernisation and expansion of factories here and damage both the interests of investor and prospects for employment.

As reported on May 9 with net asset values, net revenue, before tax, for the year to March 31 1975, was £2.47m. (£2.5m.) and the net dividend is 1.15p (1.15p). Franked income was £1.9m. (£2.07m.) and unfranked £0.58m. (£0.58m.).

Meeting, 3, London Wall Buildings, E.C., June 12 at 3.15 p.m.

Herman Smith expects 2nd half upsurge

Including a surplus on sale of fixed assets of £12,790, compared with £813, pre-tax profit of manufacturing and electronic engineers Herman Smith was £84,193 for the 28 weeks to January 11, 1975 against £102,437 for the previous comparable period.

In the second half the company has increased production further and the directors expect that the final results will be "not less than" last year's £217,232.

They add that despite external control, escalation of costs is giving them cause for concern at a time when the company is meeting greater competition at home and abroad.

The interim dividend is 0.25p net (same). Last year's total was 0.3093375p.

Turnover for the 28 weeks was £2.1m. (£1.63m.), including overseas company sales of £[illegible] (£281,775). Tax amounted to £40,000 (£55,000), leaving £44,193 (£47,437).

The directors say that although turnover increased, the margin was lower than for the comparable period last year, mainly due the large increases in the cost of employees' remuneration and higher interest charges.

KWIKFORM

Kwikform has formed a Norwegian company, Kwikform Norge A/S.

The offices will be based in Oslo with a depot at Stuntsand, carrying stocks of access equipment which will service this growing territory.

John Carr slips at halfway

ANNOUNCING a fall in pre-tax profit from £754,000 to £657,000 for the six months to March 31, 1975, the directors of John Carr (Doncaster) — timber importers and merchants and joinery manufacturers—report that the second half has started with a more substantial order book and they are hopeful of avoiding any further deterioration in the company's trading position.

The interim dividend is kept at 0.5p net. Dividends totalling 1.4p were paid on a record pre-tax profit of £1.54m., including £13,000 investment grants, for the full year to September 30, 1974.

Net profit declined from £420,000 to £321,000 after tax, ahead from £327,000 to £336,000.

The directors report now that the company has recently purchased Eastwood Doors (Melton) and has reached agreement with the Bank of Iran and other private investors to form a joint company in Iran to produce doors and other allied products.

comment

Against the background of a low level of house building activity, John Carr's fall in pre-tax profits of only 13 per cent. is a satisfactory result. The group owes its resilience to the fair slice of turnover aimed eventually at the modernisation improvement market, and although destocking by builders' merchants was a feature of the first quarter the situation improved in the second, and sales over the six months are only marginally down. The order inflow has sufficiently picked up for Carr to indicate annual profits double those of the first half, which would produce £1.3m., similar to the previous year. The Iran development, where the factory should be built within the next 12 months, will no doubt eat into the strong cash position, but currently the group has over £1m., or about 9p per share. At 30p, unchanged yesterday, the yield of just over 7 per cent. is not far off the building material sector average.

Wedgwood reaches £4.9m. and pays 5.1p

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AN ADVANCE of £687,000 to £4.93m. in profits for the year ended March 29, 1975, is reported by Wedgwood, makers of fine bone china, etc.

Earnings are ahead from 18.63p to 20.94p per 25p share. The dividend is lifted from 2.84p to 5.1p net with a final of 2.1p. Treasury gave permission for this increase in view of the rights issue announced in February.

The directors feel it is too early to make a firm statement about prospects for the current year, although sales and production during the first few weeks are better than last year.

The present uncontrolled rapid inflation is obviously a cause for great concern and, although provision has been made in the group's forecast for a substantial further increase in costs, it is expected that more effective measures will be taken by Government to modify the rate of inflation so that it is not so disproportionate to that suffered by major overseas competitors.

In that event, they say, 1975-76 should be another year of progress for Wedgwood.

	1974-75 £000	1973-74 £000
Sales	36,751	[illegible]
Interest paid	659	[illegible]
Profit before tax	4,930	4,243
Taxation	[illegible]	[illegible]
Extraordinary debit	752	[illegible]
Attributable	1,905	[illegible]

* Credit.

The swing in extraordinary items was due mainly to provision for possible capital losses should the present devaluation of sterling against the Swiss franc not be corrected before the maturities of the Swiss loans which will take place progressively over the years 1979-89. Other contributory factors were the devaluation of the Australian dollar and writing off preliminary expenses in connection with the establishment of Galway Crystal.

See Lex

Sound Diffusion

Despite a satisfactory trading position, Sound Diffusion is experiencing difficulties in obtaining medium-term funds to finance new rental installations, reports chairman, Mr. C. B. P. Stonor.

He says it is not possible to make any financial forecasts until the company has "an assured source of funds." He says, however, that from all other aspects the group is making "steady progress."

In their report the auditors say that the accounts have been prepared on a going concern basis and assume the continued support of the group's bankers and other financial institutions.

Redfearn Glass £0.5m. mid term

FIRST HALF (to March 30) profits of Redfearn National Glass have expanded from £382,378 to £512,092. The interim dividend is held at 0.577p per 25p share.

High demand continued until mid-January, but then sales fell sharply throughout the glass container industry, causing an increase in stocks held.

Costs continued to rise and the time lag in obtaining approval for price rises has significantly affected profitability, but a price increase of about 10 per cent. was implemented on May 12.

Output has been reduced and short-time working introduced. There are now signs of an improvement in demand, it is hoped short-time working will soon be ended. The directors believe that profit margins will be restored but much depends on economic climate, etc.

	First half 1975 £	1974 £
Sales	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Depreciation†	[illegible]	[illegible]
Profit before tax	512,092	382,378
Taxation	270,000	203,000
Net profit	242,092	179,378

† Includes furnace renewal expenditure.

For the year ended September 29, 1974, group profit came to £1.22m. and the total dividend was 3.383p.

comment

Redfearn's interim profits have risen by one-third pre-tax but the accompanying statement leaves no doubt that the group will be hard pushed to achieve much, if any, growth in the second six months. Demand for glass containers picked up in the second half of last year and remained buoyant throughout most of the first six months of 1974-75. However, with U.K. manufacturers suffering severe supply difficulties for much of this time, many prospective customers were forced to take out contracts with overseas suppliers. Consequently, when U.K. demand eased off once again last January, the home producers were left with a severely depleted market. The recent cost saving measures may well help margins in the second half but the price increases are hardly likely to stimulate an already depressed demand situation. The group which is still perservering with its capital investment programme—£2.7m. was spent in 1973-74 and the expenditure so far this year has already turned a cash balance of £100,000 into a debit position—has a rough ride ahead and this is reflected by a prospective yield of 11.4 per cent. at 50p.

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Sheffield Twist Drill optimistic

The Board of Sheffield Twist Drill and Steel Co. firmly believes that there are still great opportunities for increasing the group's penetration into many of the world's markets, says chairman Mr. N. H. Waple.

He says that "high levels" of profit and turnover have continued so far this year but in view of present world economic uncertainties the Board anticipates that there will be some decline in these levels during the second half. Nonetheless the spread of markets in which the group's products are established leads to confidence.

Marketing arrangements of the group's companies in the U.S. and Canada have been carefully planned and the two companies are well placed to withstand the present recession in North America and to increase their market penetration.

As reported on April 13 taxable profit for the year advanced from £1.44m. to £1.85m. The dividend is raised from 2.78p to 3.06p net.

On a CPP basis taxable profit is shown at £1.6m. (£1.5m.). Earnings are 4.9p (5.2p) per 20p share on a CPP basis and 5.7p (6.7p) historical. Net assets per share are 75.6p (70.4p) and 44.9p (51.4p).

The tax relief to be granted in respect of an increase in stocks will help to relieve the burden of bank borrowing which during the year rose from £1.2m. to £1.7m.

Weir Group still confident

The Weir Group had started the current year well in terms of invoiced sales and profit, Mr. W. K. Weir, chairman, told the annual meeting yesterday. The intake of new orders in the major companies had also been satisfactory although there was some cause for concern about the level of orders later in the year and the continuing severe inflation in the U.K.

For the whole year he still expected a considerable improvement in profit compared with 1974.

At the moment the group was competing in a very tough market for orders worth about £70m. for desalination stations in the Middle East. It had gained a small order for Lybia and he was hopeful of at least a share in Middle East contracts. As main contractors of these desalination installations Weir had to achieve prices as keenly competitive as the Japanese, French and Italians. Because inflation was running so much higher in Britain it had to shop around for lower prices as sub-contractors were responsible for about 70 per cent. of the desalination contracts.

Since entering the oil-related industry in 1973 the group had now a turnover of about £20m. This represented about 10 per cent. of its business and had come at a time when ordering of U.K. power stations was tapering off. The initial success was due to the ability to produce some novel designs specially suited for offshore oil activity.

Several other annual meetings were held yesterday, and the following are extracts by the respective chairmen.

Mr. I. H. Stuart Black of General Accident Fire and Life said he could not be optimistic about this year's underwriting results although inflation was at last beginning to be on the wane in many overseas countries though not in the U.K.

"It would be rash to expect the results to be any better than 1974 unless significant rate increases are speedily sanctioned in the U.S. and elsewhere. Even so it takes time for the effects of these to be felt," he said.

Sun Alliance and London Insurance shareholders were told by Lord Aldington that although the company did not publish first quarter results these showed a moderate improvement in pre-tax profits compared with 1974.

This was due to a further rise in investment income and an overall underwriting profit although improvements in Australia and Canada and a satisfactory start in the home fire account had been offset by U.K. motor and accident losses, and by some deterioration in the marine account.

Sir Charles Hardie, of British Printing Corporation, reported that the year had started quite well and figures were up on last year so far (when the three-day week had a serious effect), but it was too early to say how the year would turn out.

The demand for Stag Furniture's domestic furniture continues strong, Mr. P. V. Radford said and profits for the first half of 1975 "will show a substantial advance on the first half of 1974." This advance "is only partially attributable to the adverse effect of three-day working during the corresponding period of 1974."

The chairman of Wood and Sons (Holdings) told shareholders that major export orders had recently been received from North America and Europe and sales were running at 50 per cent. above last year.

Sir Patrick Hamilton, of Expanded Metal, expected the half year's results to be close to last year's record. He was still confident that long-term prospects were good

Production at A. A. Jones and Shipman was at a satisfactory rate and liquidity had improved since the year end, reported Mr. F. W. Brooks. However, order intake had not improved and the cost of inflation was causing pressure, particularly from overseas competition.

Crest Secs. accounts delayed

Crest International Securities, which was last year involved in the controversial takeover situation surrounding Ashbourne Investments, said yesterday that it has not yet finalised its accounts for the year to March 31, 1975. It added that a principal factor in the delay has been the deterioration in the group's financial position as a result of which the Board has been having discussions with a view to a reorganisation of the company. It is as a result of these discussions that the decision to extend the company's year to March 31, 1975, was taken, and this change in the accounting date has been a further factor in delaying the accounts.

Crest said that the annual meeting will be held on June 11 although the accounts may not be available to shareholders before then. If they are still not available in time for the meeting it will be adjourned.

A company spokesman said that among the factors accounting for the deterioration in Crest's financial position was its holding in Ashbourne amounting to 12 per cent. of the equity and valued at around £600,000 when bought. He pointed out that the Ashbourne share quotation is still suspended while the City Panel deliberates on the bid situation.

123-YEAR-OLD NEWSPAPER DIES

The Leigh Reporter, a Lancashire weekly newspaper first published in 1852, ceased publication yesterday—its 4,999 issue. Its publisher, South Lancs. Newspapers, said it was a victim of inflation.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£36¼	£32⅝	Bell Canada ($25)	£33⅝	−1	—	—	—	—
‡	F.P.	—	£22¼	£11⅛	Cont. Can. Inc. $U5	£21	+½	$1.6	—	5.8	—
‡R2	Nil	30/5	105	28	Doelkraal Gold Mining	90pm	+8	—	—	—	—
::	F.P.	—	134	120	Ewart New Northern	131	......	—	—	—	—
140	70	20/6	111	94	Bank 'A'	107	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100½	96⅝	Agricultural Mortgage 11% 197[illegible]	99½	+⅛
£100	£10	—	11⅛	11⅛	Colne Valley Water 9% Red. Prf. 1980	11⅛	......
‡£100	nil	—	29	21	Gestetner 'A' 10% Conv. Uns. '90/95	23pm	−½
$98	F.P.	—	$97	$96½	Granges 9¾% Bonds 1985	$97	......
£97⅞	£40	—	39¾	37	G.L.C. 12½% Stk. 1982	38	+⅛
π	F.P.	22/8	100	100	Greenwood & Batley 15% Uns. 197[illegible]	100	......
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 15% 1980	100	......
‡£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	105	+½
**	F.P.	23/5	15½	11¾	Mid-Southern Water 10% Prf. 1980	104	−½
$100	F.P.	—	$100½	$100½	Norsk Hydro 9⅞% Bds. 1985	$100½	......
£100	F.P.	21/5	112½	106	N. Atlantic Secs. 7½% Cuv. 95-96	112½	......
$98	F.P.	—	$98	$96½	Ottawa-Carleton 9% Deb. 1990	$98	......
$99	F.P.	—	$101	$92½	Papua New Guinea 9¾% Guar. 1985	$100	......
‡£76	F.P.	—	135¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104½	......
£100	F.P.	30/5	155	132	Slough Estates 10% Conv. Uns. '87/90	155	......
£99½	£45	1/8	46¼	43½	Southend-on-Sea 12¾% 1981	44	......
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	104½	......
**	F.P.	16/4	105	101	Sutton District Water 10% Prf. 1980	105	+1
—	F.P.	14/2	90	60	Worth (Bond) 12% Conv. Uns.	80	+5
‡£100	£50	2/10	97	67	Yorks Chems. 12½% Conv. Uns.	83	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	Stock	Closing Price p	+ or −
100	F.P.	—	—	Ash & Lacy	1[illegible]	......
33	F.P.	16/5	2/7	Associated Biscuit	55	−2
10p	F.P.	15/5	16/6	Aurora Holdings	11½	......
60	F.P.	11/4	23/5	Barratt Devs.	102	......
35	Nil	—	—	Cadbury Schweppes	10pm	−1½
10p	F.P.	2/5	30/5	Croda Int.	70	+½
55p	F.P.	19/5	10/6	Delta Metal	69½	−4
$1.20	Nil	—	—	EZ Inds.	70pm	......
63p	F.P.	2/5	23/5	Fothergill & Harvey	69	......
175	F.P.	19/5	20/6	Guest Keen	252	−7
Dm90	Nil	—	—	Hoechst	70pm	......
125	Nil	—	—	Linford Hldgs.	40pm	−1
100	Nil	—	—	Manbre & Garton	50pm	−3
60	Nil	—	—	Martin Black	59pm	......
60	F.P.	16/5	13/6	Morgan Crucible	90	+1
47	Nil	—	—	Richard A. Wallington	25pm	+2
36	F.P.	1/5	27/6	Rolls-Royce	65	−3
Kr60	Nil	—	—	S.K.F. "B"	200pm	......
95	Nil	—	—	Simon Eng.	17pm	−½
77	F.P.	12/5	6/6	Spirax-Sarco	118	......
90	F.P.	22/4	22/5	Steetley	125	+5
125	Nil	—	—	Tarmac	20pm	−2
190	F.P.	29/4	1/5	Tube Invs.	294	−2
23	Nil	—	—	Western Selection	12pm	......

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. ¶ ** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ° Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 200 S.Afr cents. ‡ Rights by way of capitalisation. π Tender allotment price. ◆ Reintroduced. ‡ Issued in connection with reorganisation, merger or take-over. ‡ Introduction. ‡ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

MINING NEWS

RTZ sees profits fall before metals boom

BY KENNETH MARSTON

PROFITS of the U.K.-based Rio Tinto-Zinc Corporation, which still relies to a large extent on international copper earnings, are expected to be "substantially down this year." Stating this at yesterday's London meeting the chairman, Sir Val Duncan, pointed out that in line with the world economic recession, the level of trade has not picked up and "restocking is therefore unlikely to do much in restoring metal prices during 1975."

He warned that because it is almost impossible for new mines to be financed and brought into operation at anything like the current levels of base-metal prices, "there is likely to be an upswing to unprecendentedly high prices when trade recovers." Such an eventuality was to be deplored, he said, since RTZ regards a measure of price stability to be in the best interests of both producers and consumers of metal.

Of the group's Australian operations, he spoke of the difficulties of high inflation, low metal prices and adverse exchange rates. He added that cost-saving efforts could not make up for more than a small part of inflationary trends. Commenting on that country's hostile attitude to foreign capital he hoped for the day when services rendered there "will be judged more by their contribution to net economic welfare than by the passports of the financial investors."

Sir Val also looked for the "dawn of political reality" in British Columbia where federal and state government tax competition is dampening mining development. He was hopeful for the group's Canadian uranium interests and for the longer-term prospects of U.S. Borax.

As usual, Sir Val was closely questioned on the group's involvement in South West Africa via the Rossing uranium mine which is due to reach production next year. His opinion was that the future of the territory should be decided by its peoples rather than by the UN and he clearly indicated that RTZ was going to press on with the project.

Coming back to home, he held out no hopes of an early solution of the problems hitting the Anglesey aluminium smelter which is expected to make another "substantial loss" this year. On the U.K. economic front, Sir Val condemned higher pay settlements which paid no regard to increased productivity or the need to maintain wage differentials.

So where does RTZ stand from an investment viewpoint? The answer must be in the strong possibility of a coming boom in the value of the group's metals. And, as Sir Val said, "it is not unsatisfactory" that so much of the group's earnings come from overseas countries which appear to have passed the peak of their inflation. RTZ eased 6p to 202p yesterday.

KATHLEEN'S DOUBTS

Mr. J. S. Millner, chairman of Australia's Kathleen Investments, said at the annual meeting that the future of exploration for uranium in the Nbarlek area of the Northern Territory remained in abeyance. Completion of arrangements with the Aborigines about the future of the Nabarlek find itself were being seriously impeded by the company's inability to obtain any clarification from the Federal Government as to its proposals for uranium mining in general and for Nabarlek in particular.

Continuation of good results for Kathleen itself depended primarily on world demand for the group's mineral products and on the containment of rampant inflation and excessive wage demands in Australia. He expressed satisfaction with the dramatic improvement in the group's liquidity. The $1.4m. loan from the Commonwealth Trading Bank had now been fully discharged.

As reported here on May 6, Kathleen had a consolidated net profit of $2.04m. in 1974 with the beach sand mineral segment of its operations providing the earnings boost.

GOLD SALES

South Africa continues to sell gold from her reserves on the free market in addition to the Republic's entire newly-mined output which is currently around 13 tonnes a week.

Last week, however, reserve sales were reduced to under ½ tonne based on Reserve Bank figures for the week ended May 16 against a 1975 weekly average of around ½ tonne. The bank figures show a fall in South Africa's gold holdings of R0.09m. to R520.1m. Total gold and foreign reserves, however, rose R13.6m. to R737.6m.

Union Corpn. in London

THE FIRST meeting of Union Corporation shareholders in London since 1902 took place yesterday at Winchester House. It was informal but a success. Over 200 shareholders packed into the first of what could now be annual gatherings. The company's chairman, Mr. E. Pavitt, presided with Mr. R. H. MacWilliam, Mr. K. H. Wallis and Mr. I. T. Greig in support to answer shareholders' questions although these were surprisingly few.

Around 40 per cent. of Union Corporation's shares are held in the U.K. After a comprehensive 30-minute film of the company's operations, Mr. Pavitt gave a brief outline of the company's performance last year and the various aspects of the group.

He emphasised that the group's business remained in the natural resources field. "Mining is and will remain the major part of our business" he said but the company expected to play its part in the vast capital expenditure programme current in South Africa involving new ports, hydro-electric schemes and irrigation projects.

When questioned about Rhodesia, Mr. Pavitt said that the capital involvement there was minimal, mainly in the paper and pulp field, but that he thought it was "inevitable Rhodesia will go Black." He could not see similar circumstances in South Africa.

The chairman considered that the link with General Mining would prove beneficial to both sides, especially with regard to the group's coal prospects in the Evander area where large reserves of low-grade coal have been outlined. Union Corporation rose 20p to 537p in London yesterday.

Consolidated Plantations up £4m. after 9 months

AFTER replanting expenditure up from £840,000 to £1.16m., pre-tax profit of Consolidated Plantations, 65.1 per cent. of whose capital is owned by Sime Darby Holdings, jumped from £7,278,000 to £11,309,000 for the nine months to March 31, 1975.

Total income increased from £17.41m. to £24.9m. Net profit was ahead from £4.38m. to £6.78m. after tax up from £2.9m. to £4.53m.

At half-way pre-tax profit was up from £4.83m. to £8.51m. and for the 15 months to June 30, 1974 it was £11.48m., on which dividends totalling 55 per cent. gross were paid.

Rubber production for the nine-month period showed a decrease from 29.09m. kilos to 24.17m. kilos while harvests of fresh fruit bunches increased from 255,000 tons to 309,000 tons.

A breakdown of turnover shows that rubber accounted for £6.95m. (£10.2m.), oil palm £17.36m. (£7.11m.), investment income £515,000 (£68,000) and other income £66,000 (£25,000).

The directors say that the results reflect the fall in commodity prices, seasonal fluctuations in rubber production and the effects of the rubber price stabilisation scheme.

● **comment**

After a 76 per cent. gain at the interim stage, Consolidated Plantations' pre-tax profits in the third quarter are only marginally ahead, for a 58 per cent. increase over the nine months. The key to this is an increased rate of decline in net rubber proceeds, down 44 per cent. in the last three months, and a slackening in the pace of palm oil profits growth, up 75 per cent. in the latter period after an increase of 184 per cent. at the interim stage. Although recent palm oil prices of £175 per ton compare with an average selling price of £252 for nine months, forward sales could provide some momentum for the final quarter, but the outcome should be less than the comparable £3.7m. The yield at 63½p is 7.2 per cent.

Provident Life growth trend

At the annual meeting of Provident Life Association of London, it was announced that the life new business in the first four months of 1975 had been running at double the rate for the same period of the previous year, and that the improvement extended to most sections of the business.

The figures, net of reassurances, were as follows:—New life and annuity premiums, annual premiums £860,000 (£428,000) and single premiums £246,000 (£116,000). New sums assured £44.8m. (£18.9m.) and new annuities per annum £477,000 (£75,000).

Plantation Hldgs. peak £2.77m.

AFTER interest charges up from £184,000 to £265,000, taxable profit of Plantation Holdings rose by 33 per cent. from £2,088,000 to a record £2,773,000 in 1974 after being up from £807,000 to £1.2m. at halfway.

Before conversion of loan stock, stated earnings per 10p share were up from 3.9p to 4.2p and after, they increased from 3.4p to 4p.

An increased final dividend of 0.8554p net raises the total from 1.50735p to 1.6354p, the maximum allowed.

The directors report that palm oil was the major contributor to profits, with rubber affected by falling prices. Light engineering had an excellent year following the earlier expansion programme and other areas of the group, particularly on the consumer side, were hit by a sharp fall-off in demand in the last quarter.

	1974 £000	1973 £000
Trading profit	3,056	2,272
Rubber	573	792
Palm oil	1,862	706
Light engineering	641	326
Scientific instruments	200	130
Electrical goods	*70	115
TV production	83	173
Financial operations	*50	30
Interest	283	184
Profit before tax	2,773	2,088
Tax	1,426	909
Overseas	1,190	675
U.K.	236	[illegible]
Net profit	1,347	1,179
Minorities	82	27
Attributable	1,429	1,152
Extraord. items	119	465
To currency reserve	194	464
Dividends	612	[illegible]
To Revenue reserves	742	506

* Loss.

● **comment**

Malaysian profits, up from £1.5m. to £2.2m. (about three-quarters of which is due to palm oil), have accounted for virtually all of Plantation Holdings pre-tax profits gain of a third. U.K. consumer goods have had a predictably tough time, but losses here have now been contained. Prospects for light engineering, where profits nearly doubled in 1974, are on the wane and at current rubber and palm oil prices, the latter down from a peak £365 to £175 per ton, Far Eastern profits are on a downward trend. However, a yield of 6.6 per cent. at 38½p is covered 2.4 times, and substantial shareholdings by Hutchison (30 per cent.) and Pahang Consolidated (21.4 per cent.) together with the fact that 74 per cent. of pre-interest profits and some 60 per cent. of assets are located overseas are support enough for the shares.

Brunning second half loss

AFTER AN exceptional loss of £181,670 arising from the failure of the Lyon Property Group profit before tax of Brunning Group fell from £688,125 to £195,729 for the year ended March 31, 1975. At half-way the decline was from £338,257 to £219,884.

Earnings per 25p share are stated at 2.36p (10.5p). A final payment of 0.8464p reduces the dividend total from 3.56625p to 1.9839p net.

The directors point out that although turnover was maintained, operating profit declined due mainly to a reduction of advertising expenditure by some of the major clients, adverse trading conditions in the printing and boat building sectors and increased finance charges and general costs.

In spite of the difficult trading conditions, the financial position of the group has been kept on a sound basis. Stocks have been kept down to the 1974 level despite inflation, bank overdrafts are about the same and expenses have been cut, they say.

Until general business confidence in the future returns and the uncertainties surrounding the country's economic position are dispelled, it is impossible to make any reasonable forecast of future profits, they add.

	1975 £	1974 £
Turnover	16,298,599	16,465,648
Operating profit	377,399	688,125
Exceptional loss	*181,670	—
Profit before tax	195,729	688,125
Taxation	124,080	373,407
Net profit	71,649	314,718
Interim dividend	34,470	34,199
Final dividend	25,889	75,019

* Due to the failure of the Lyon Property Group.

Receiver for David Samuel Trust

A Receiver is being called in for David Samuel Trust, an unquoted merchant banking concern which has had support loans from the big banks' consortium in the secondary banking crisis.

An announcement last night said that, in view of continuing economic difficulties, the directors were no longer satisfied with the underlying values of the company's securities and therefore as to the solvency of the company. They had accordingly been advised to place the company in receivership.

Mr. W. Sowman of accountants Turquands Barton Mayhew and Co. is being appointed Receiver. He will make a full review of the company's affairs and a statement will be issued in due course.

Arrangements have been made, as part of the support operation organised under the aegis of the Bank of England, for the repayment in full, as due, of the remaining deposits held from those who have no connection with the company.

The 1973 accounts of the company, headed by Mr. Leslie Lavy show that at June 30, 1973 there were current, deposit and other accounts of £22.1m., compared with £8.7m. a year earlier.

The company was set up at the end of 1970 by Mr. Lavy, who had been one of the founder directors of Simo Securities Trust and had been managing director of Goulston Banking Corporation.

It was stated in December 1972 that some 70 per cent. of the capital of David Samuel Trust was owned by Mr. Lavy and his family trusts and that another approximately 20 per cent. was owned by another director, Mr. H. R. Towning, and his family trusts.

IN BRIEF

OLD SWAN HOTEL (HARROGATE)—Pre-tax profit £42,462 (£16,278) for year to March 31, 1975. Tax £9,000 (£5,509). Dividend 0.5p (0.2p) net, making total 0.8p (0.5p).

MENTEITH INVESTMENT TRUST—Gross revenue for half-year to March 31, 1975, £216,879 (£249,000). Net revenue £66,385 (£51,000) after tax £47,771 (£50,000). Interim dividend 0.2p (0.1p) net (already known) absorbs £55,559 (£27,000). Stated earnings 0.24p (0.18p) per 25p share. Total net assets £4.59m. (£4.54m.) equal to 14.1p (13.5p) per share after prior charges at par.

E. UPTON AND SONS (retail store owners)—Results year to January 28, 1975, reported April 10. Group fixed assets £1.46m. (£1.33m.). Net current assets £0.45m. (£0.36m.). Subject to no economic or inflationary upheaval, chairman looks forward to "significant progress" this year. Meeting, Middlesbrough, June 11 at 7.30 p.m.

NEWMANS TUBES—Results year to January 31, 1975, reported April 25. Group fixed assets £0.81m. (£0.77m.). Net current assets £1.52m. (£1.1m.). Chairman says immediate future is difficult to forecast, but Board is intent on a diversified policy which will make full use of capital resources and maintain a leading role in British steel tube industry. Meeting, Birmingham, June 11 at 12.30 p.m.

PORTSMOUTH WATER COMPANY—Capital expenditure for year ended March 31, 1975, £11.4m. (£10.92m.). Meeting, Havant, June 12 at noon.

CORINTHIAN HOLDINGS—Results 1974 and observations on prospects reported May 6. Total group assets £10.30m. (£15.57m.). Money at call and short notice £1.20m. (£1.86m.). Advances, etc., £3.01m. (£7.30m.). Customers' liabilities for guarantees, etc., £2.9m. (£1.75m.). Current deposits, etc., £4.2m. (£8.79m.). Meeting, 1-5, Harley Street, W., June 10, at 2.30 p.m.

MORRIS AND BLAKEY WALL PAPERS—Results for 1974 reported April 18. Group fixed assets £2,206,082 (£2,081,363). Group net current assets £346,178 (£433,794). Meeting, 10, Belgrave Square, S.W., on June 11 at noon.

ALLEBONE AND SONS (shoe manufacturers)—Results for year ended January 31, 1975, reported April 30. Group fixed assets £3,671,494 (£3,513,675). Group net current assets £764,294 (£588,727). Meeting, Kettering, June 13 at noon.

THANET INVESTMENT TRUST—Net taxed profit £88,638 (£91,921) for half year to April 30, 1975. Interim 0.7p net (same).

Redman Heenan sees progress

AFTER interest charges up from £207,000 to £260,000, taxable profit of engineers Redman Heenan International expanded from £175,000 to £231,000 in the six months to March 31, 1975 and the directors say that although the prospects for order intake remains uncertain, the existing book should result in profit showing some improvement over last year's £626,000.

As previously stated they intend to pay dividends on Preference shares, together with all arrears, on October 1 but they say they do not consider the resumption of ordinary dividends to be appropriate at the present time. No ordinary payments have been made since 1970.

The directors state that the general level of order intake in the first half was lower than in the comparable period of 1974, and one or two companies associated with the automotive, textile and construction industries have had to face decidedly more difficult market conditions.

This, together with the pressure on margins caused by continuing inflation, has led to these companies showing an inadequate return in the period. Elsewhere, the results were "very much as expected."

Half-year	1974-75 £000	1973-74 £000
Turnover	11,103	10,377
Trading profit	491	382
Interest	260	207
Profit before tax	231	175
Taxation	7	5
Net profit	224	170
Extraordinary debits	—	44
Dividends	6	—
Surplus	218	126

● **comment**

Redman Heenan's half-time results look fairly impressive—pre-tax profits up 32 per cent. on a 7 per cent. sales gain—but the fact is that, had not the Fielding and Platt subsidiary made losses, group profits could have been in the £½m. pre-tax region. The loss here should be reduced by the year-end and it would be realistic to talk in terms of £0.8m., possibly even more, for the year. Exports remain around two-fifths of total sales and the order book, at £20m., looks fairly stable. Meantime, borrowings—the ratio of net debt: shareholders' funds in the last balance sheet was around 75 per cent.—have not improved materially, though by the close of 1974-75 the picture should have changed for the better. The shares at 11½p (compared with a 1975 low of 7p) have scant support since the Board is clearly not sufficiently confident to talk in terms of paying a dividend.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims:—J. Brockhouse, Fitzwilton, M. J. Gleeson (Contractors), James Halstead, Medminster, Northern Foods, Proprietors of Hay's Wharf, Scottish Investment Trust, Trafalgar House Investments, Warner Estate, Wolverhampton and Dudley Breweries.

Finals:—Anglo African Finance, Cantings, Debenhams, R. A. Dyson, Grant Bros., Group Lotus Car, L. Lipton, Lovell's Shipping and Transport, Oder Racasan, Pritchard Services, Francis Sumner, Tanganyika Concessions.

FUTURE DATES

Interims:—	
Allied London Properties	May 26
Bass Charrington	May 29
Charterhouse Group	May 28
Lindustries	June 12
Finals:—	
Amalgamated Power Engineering	May 29
Borbat Tea	May 27
Brown Shipley	May [illegible]
Charter Consolidated	June 3
Chubwa Tea	May 27
Churchbury Estates	May 29
Glossop (W. and J.)	May 28
Jeavons (E. E.)	June 5
Midland Cattle Products	June 18
Noyapara Tea	May 27
Press (William)	May 28

Battersby plans repayment

Battersby and Co. (Holdings) proposes to reduce the nominal value of the 7 per cent. Cumulative Non Participation Preference shares from 70p to 50p by repaying 20p per share.

In return holders are being asked to give up their rights to 2-7ths of the arrears of dividend which are due to them on the Preference shares and which now amounts to 0.0805p per share.

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Further growth for BHS

WITH THE increasing number of stores and selling space available Sir Mark Turner, chairman of British Home Stores, is confident of continued growth in the net profitability of the group's operations in the current year.

Estimates of turnover and of gross margins make allowances for the need to bring back into equilibrium the amount by which (0.8 per cent.) the reference level was exceeded at March 29 and he is sure this amount can be absorbed.

In 1974-75 substantial progress was made in the development programme. Six new stores were opened and extensions and modernisations were completed in five other areas. Despite building delays a replacement store is to be opened in October and five extensions should be completed.

For 1976-77 a further six new stores are scheduled, all except one being in new locations. The chairman says there are, however, still many cities and towns where BHS is not represented which could afford good trading opportunities and "We shall continue our search for suitable sites as part of our development programme."

Year-end capital commitments amounted to £21m. (£15.62m.), and a further £926,000 (£9.1m.) was authorised but uncontracted.

Referring to the proposed joint venture with J. Sainsbury in the field of hypermarket trading, the chairman says that the extent to which this enterprise can progress must depend on local and central Government attitude to applications for out of town development and so far the attitude has been mainly negative.

As reported April 30 group pre-tax profit in the year ended March 29, 1975, increased from £15.46m. to £18.59m., on sales of £181.8m. (£121m.). Of this 33.7 per cent. sales increase about 14 to 15 per cent. represented real volume growth, the rest being attributed to inflation. About a third of real growth came from new stores and extensions, the remainder from increased sales in existing space.

Applying the same reasoning as regards real growth and inflation to the pre-tax profit would bring the increase down to virtually nothing, declares Sir Mark.

Meeting, Marylebone House, N.W., June 25 at 11.30 a.m.

Small rise at Youngs Brewery

PROFIT before tax up £14,500 to a record £758,245 for the year ended March 31, 1975, on turnover ahead from £7.72m. to £9.67m., is announced by Young and Company's Brewery, of Wandsworth. At half way the profit advance was from £425,280 to £489,520.

Earnings per 50p share are shown to be down from 5.84p to 5.06p and a maximum permitted final dividend of 1.38131p net raises the total from 2.186645p to 2.38131p.

	1975 £	1974 £
Turnover	9,657,850	7,716,712
Profit before tax	758,245	[illegible]
Tax	380,742	415,294
Net profit	377,503	328,429
Gains on sales of prop.	—	213,233

Totalisators and Greyhound

After a fall from £163,300 to £157,400 at half-way taxable profit of Totalisators and Greyhound Holdings shows a marginal advance from £286,217 to £290,755 for all 1974.

The dividend is lifted from 0.49245p to 0.535p net.

Meeting, 11, Mansfield Street, W., on June 23 at 12.30 p.m.

	1974 £	1973 £
Group turnover	1,385,111	1,425,202
Group trading profit	270,358	257,130
Investment income	20,397	29,087
Pre-tax profit	290,755	286,217
Taxation	169,376	151,790
Net profit	121,379	134,427
Minority profit	1,163	850
Extraordinary credits	10,000	*22,076
Pref. div.	10,301	7,722
Ord. div.	40,959	57,458
Retained	79,226	66,334

* Debits.

BIDS AND DEALS

Guthrie's £13m. U.S. purchase

Guthrie Corporation, London-based group with Eastern plantation interests and industrial investments in Britain and other Western countries, is making an agreed take-over bid for the United States concern, Ajax Magnethermic Corporation. Terms value Ajax, based in Warren, Ohio, at £13.1m.

The offer is of $50 for each of the 602,691 Common shares in Ajax, which makes induction heating and melting equipment. It has manufacturing operations in the U.S., Canada and the U.K. and owns a 33 per cent. stake in Japan Ajax Magnethermic, of Tokyo.

It is proposed there should be a tender offer in cash to all shareholders other than Mr. John Logan, the president, and Mr. Bruce McArthur, a director, who between them own 58 per cent. of the Ajax shares. Under a separate purchase agreement, it is proposed that part of the consideration to be offered to these two shareholders should be satisfied by the issue of loan notes.

Guthrie said yesterday that certain legal, financial and other details remained to be finalised before the transaction could be approved formally by the two Boards, but that it was hoped the deal would be completed within the next few weeks. A spokesman added that the acquisition was seen as a further move by Guthrie in its plan to achieve geographical and industrial balance in its activities.

Sales of Ajax in 1974 were $35.5m. (£15.4m.), compared with $22.0m. in 1973, and net income amounted to $3.4m. (£1.48m.), against $1.5m.

Elsewhere in North America, Guthrie in 1972 acquired a controlling interest, now of 71 per cent., in Mindustrial Corporation a Canadian engineering group. Through Mindustrial, Guthrie made its first U.S. industrial investment last year by taking over Water Refining, which manufactures water treatment equipment.

prior to the announcement of the bid, because the price for £1 nominal of loan stock is an increase of 41 per cent. over the middle market quotation immediately before the bid and because the offers "are generous on the basis of current and future prospects."

Raglan's £6m. book loss on French sale

Raglan Property Trust has completed the sale of the greater part of its French property portfolio for £12.5m. cash, a book loss on the sale of about £6.2m. The group's share closed last night down ½p at 6½p.

Mr. R. Thirlby, chairman of Raglan, says the group now has properties left in Paris to the value of about £2m. and that Raglan's other projects in the U.K. are going ahead on schedule. These include a £26m. development scheme in Leeds in conjunction with Guardian Royal Exchange.

"The effect of the deal will be to reduce the group's borrowings by some £19m. as the high level of borrowings shown in last year's accounts included facilities undrawn against properties which we had an option to acquire, but did not," he says.

Raglan say that the group's principal U.K. banker, Kleinwort Benson, which has a 16.3 per cent. interest in the capital, has indicated its intention to continue to support the group.

The deal involves seven investment properties which have been bought by Groupe des Assurance Nationales, a major French insurance group. Raglan says that foreign currency borrowings on the properties and other obligations relating to them will be met from the proceeds of the sale and by utilising "certain existing sterling and foreign currency deposits." The shortfall of about £800,000 is being financed by further sterling borrowing.

GEORGE STURLA

The offer for George Sturla and SON by Nominee Assurance (Holdings) has closed and will not be extended. The number of Ordinary shares of Sturla for which acceptances have been received is 104,994. The number of shares acquired by Nominee during the offer period is 2,716,559.

DRAKE & CUBITT

Kelmac Mercantile has a contract to acquire 2,014,650 shares in Drake and Cubitt representing 14.48 per cent of the capital. The purchase is due for completion on May 30.

PENTOS

Pentos last night issued its formal offer for Wright, Bindley and Gell. The offer, of 60p a share for the 900,000 it does not already own, is being resisted by WB and G.

The directors of Pentos say that WB and G shareholders should accept the offer because the price represents an increase of 36 per cent. over the middle market quotation immediately

ISSUE NEWS

GKN—91%

GKN announces that approximately 91 per cent. of the 20,884,778 Ordinary shares of £1 each offered by way of rights to Ordinary shareholders on the basis of one-for-five have been taken up.

The Ordinary shares not taken up have been sold for the benefit of the Ordinary shareholders entitled thereto and the net proceeds will be distributed on June 13.

DELTA—92%

Delta Metal announces that in response to the rights issue of 22,254,017 new Ordinary 25p shares on the basis of one-for-five at 55p per share, 92 per cent. of the shares have been taken up. The remaining shares have been sold and the net proceeds will be distributed to shareholders entitled thereto except that no payment will be made for an amount of less than £1.

To-day's annual meetings

APV, Crawley, 11.15; Anchor Chemical, Manchester, 11.30; Ash and Lacy, Smethwick, 11; BBA, Bradford, 11.30; Brent Chemicals, Hayes, Middlesex, 12; Bridon, Connaught Rooms, W.C. 12; Chamberlain Group, Dorchester Hotel, W. 12.

City and Commercial Investment Trust, 117, Old Broad St., E.C., 12; Croydex Rubber, Andover, 12; Delta Metal, Waldorf Hotel, W.C., 2.45; Dickinson Robinson, Bristol, 12; Elliott (Peterborough), Peterborough, 2.30;

English Property, Dorchester Hotel, W., 10.30; Erith, 330, High Road, Leytonstone, E., 11.30; Gaskell (Bacup), Burnley, 12; General and Commercial Investment Trust, 8, Waterloo Place, S.W., 12; Gibbons (Stanley) International, Waldorf Hotel, W.C., 11.

Grampian, Glasgow, 12; Grattan Warehouses, Bradford, 12; Greenbank Industrial, Burnley, 12.15, Hartle Machinery, Manchester 12; Hopkinsons, Huddersfield, 12; Kenkast, Manchester, 12.

Ladbroke, Winchester House, E.C., 11; London Brick, Connaught Rooms, W.C., 12; Marshall (Thomas) (Loxley), Sheffield, 12; Myson, Quaglinos, S.W., 11.30; Reed and Smith, Taunton, 12; Richmond Park Laundry, Glasgow, 3;

Senior Engineering, Connaught Rooms, W.C., 12; Supra, Edgbaston, 12; Sykes (Henry), 5, Belgrave Square, S.W., 12; Taylor Pallister, Newcastle-upon-Tyne 11; Unicorn Industries, Windsor, 2.30.

Do-it-yourself danger seen in VAT increase

THE 25 PER CENT. VAT charges on servicing some appliances could introduce danger into the home, the Electricity Council said yesterday. It fears do-it-yourself householders will try to repair faults.

"An unskilled attempt at repairs may endanger the lives of the owner and his family," the council warned. "The electricity supply industry is most concerned at the consequences this could have on safety in the home."

The council calls for the higher VAT rate to be removed.

The higher rate could also discourage owners from buying a new appliance and encourage them to prolong the life of one in an unsatisfactory condition without properly repairing it.

More than 200m. electrical appliances are used in Britain's homes. State-run electricity Boards carry out 8m. repairs a year.

Ulster death rate highest since 1951

THE BIRTH RATE in Northern Ireland, falling steadily since 1964, maintained the trend in 1973 while the death rate was the highest since 1951, it is disclosed in figures published in the Registrar General's Statistical Review of England and Wales for 1973, which includes the Ulster figures for comparison.

During the year, the Ulster birth rate fell to 18.9 per 1,000 population, compared with 19.4 in 1972 and 20.7 in 1971. The death rate for 1973 was 11.4, compared with 11 in 1972 and 10.6 in 1971.

The respective birth and death rates for the U.K. for 1973 were the lowest since 1951 at 13.9 and 12 per 1,000 population.

TV 'Gourmet' wins hotel apology

GRAHAM KERR, television's "Galloping Gourmet," yesterday received a High Court apology from an hotel group which used his picture in advertisements without his permission.

In addition, Lex Hotels (Heathrow), owners of The Heathrow Hotel, agreed in settlement of Mr. Kerr's libel action to supply money for grants to help young chefs born in the U.K.

Mr. John Phillips, Counsel for Mr. Kerr, said he had been scrupulously careful to ensure that he never endorsed or appeared to endorse any particular hotel or restaurant. But on March 27 and 29, 1973, advertisements including a likeness of Mr. Kerr appeared in The Times and the Evening Standard, promoting the Heathrow Hotel.

The publication was without Mr. Kerr's consent or knowledge and he regarded it as a "grave reflection on the integrity and independence he has endeavoured to maintain."

Counsel said Lex Hotels recognised that they should not have published the advertisement and apologised. They agreed to pay Mr. Kerr's costs. Mr. Kerr, who lives abroad, was not in court.

DUNKIRK LITTLE SHIPS RETURN

On the 35th anniversary of Operation Dynamo, in which 338,000 men of the British Expeditionary Force were rescued from the German army surrounding the Dunkirk beaches, 25 "little ships" which helped in the evacuation will return to the town.

The 25 craft will leave Ramsgate for Dunkirk on May 23 and the visitors will be received by the Mayor of Dunkirk the following day. On May 25 they will attend the commemoration service on the beach.

DSM expects substantially lower profits after exceptional 1974

BY MICHAEL VAN OS

HEERLEN, May 21.

DSM, the State-owned Dutch chemical group, expects sales to climb by around Fls.2bn. to some Fls.9bn. this year. The rise will be partly attributable to a steep advance in revenue from natural gas sales following the recent home and export gas price rises. Under a new agreement signed with the Government, however, a bigger slice of the gas profits will go to the State this year.

DSM chairman Dr. Willem Bogers also said here to-day that whereas 64 per cent. of the DSM sales were achieved abroad last year (against 58 per cent. in 1973), they contributed no less than 95 per cent. of the profits; of the 1974 operating result, 57 per cent. was achieved by chemical products and plastics which had also generated much of the sales growth.

The DSM chairman said that the company was not deterred by the current economic recession. In view of the estimated future demand for its products and the financial prospects, the group as going ahead with an investment programme worth Fls.7bn. (70 per cent. expansion, 30 per cent. replacements) in the six years until 1981. Some two-thirds will be invested in Holland (including the Groningen project) and of the remainder, half will be invested in North America (chiefly in the U.S.—a reported Fls.1.1bn.), the other half with the accent stress on Brazil; the product emphasis will be placed on caprolactam and ammonia.

Last year group sales jumped 52 per cent. to Fls.7.02bn. with about one-third of the increase attributable to volume growth. Unlike previous years, the consolidation of new companies did not make a significant contribution to the sales expansion.

The DSM chief noted that the sales expansion had been achieved despite the recession in the final quarter of last year. This had continued into the current year and in the first three months DSM's chemical production was down some 25 per cent. on the previous year's level. In common with the rest of the chemical industry, DSM expects a recovery towards the end of the second half, covering chemicals as well as fertilisers business.

DSM's net profit increase in fact exceeded even the sales growth to total Fls.518m., compared with Fls.185m. (revised) in 1973. These figures, however, are not comparable, as DSM's profits have now been calculated on the basis of historical cost instead of replacement value. The supplementary depreciation on fixed assets to the level of the replacement value, considered necessary in view of the price rises, and the provisions necessitated by increased value of stocks, raw materials and supplies, will be set aside from the profit and be allocated to the replacement reserve (Fls.130m.).

Dr. Bogers said that in view of the special nature of 1974, the net profit would be substantially lower in the current year. "We think that despite the inevitable decline our profits will remain at an acceptable level, however," he said, adding that "the 1975 profits should be above the 1973 level of Fls.185m. (non-adjusted)." The "inflation-adjusted" 1973 figure was Fls.318m.

Shareholders will receive a dividend of 15 per cent. on share capital raised to Fls.500m., compared with a 14 per cent. payment in 1973 on capital of Fls.300m.

The past year had been exceptional for several reasons, Dr. Bogers said. He mentioned the "raw materials crisis"—which had been more a "prices and organisational" problem than an "availability" problem — which DSM had overcome very well. The group had been able fully to use production capacity and cost increases had been passed on. Other factors were the final cessation of the loss-making coal-production activities before the start of the year, and exceptionally low interest charges as a result of DSM's strong liquidity position.

Commenting on the relatively new areas of activity, Dr. Bogers said that industrial chemicals and building and building materials were considered as substantial growth areas with the latter in the somewhat longer term.

Of caprolactam, the DSM chairman said that the group was building new plants in the U.S. and in Holland, while it was also involved in a project in Brazil. It hoped to resume U.K. production as soon as possible after the Flixborough disaster but although it felt the old site was the best location, much would depend on the attitude of the local authorities rather than the national authorities. The latter had urged DSM to start building as soon as possible in view of the employment situation.

The company said that in the balance sheet provisions, a total of Fls.47m. had been included to cover the estimated commercial losses in the period 1974-76 resulting from the Flixborough production setback.

Dr. Bogers said that despite the cyclical recession felt at the moment, the global demand for Nylon-6—for which caprolactam is the sole raw material—is still rising.

Fertilisers have been hit by the recession too after the strong demand last year, but the dip would be temporary. Demand would be showing a "structural growth" in view of the vital function of fertilisers in the world food supply position.

Turning to plastics, the DSM chief commented that here too the recession was felt to be temporary although the market growth rate after the recovery would be "considerably more modest" than the industry had been used to in the past. There would certainly be growth as plastics competitive position versus natural materials had not really been affected and neither was it expected to be in future. He stressed that there was no structural over-capacity in plastics at present.

State control of Swedish drugs

BY WILLIAM DULLFORCE

STOCKHOLM, May 21.

SWEDEN'S ruling Social Democrat Party plans to introduce state control of the Swedish pharmaceutical industry, which in 1974 had a turnover of roughly Kr.1.5bn. (£165m.), over half of which came from exports. The party executive will propose at the party congress this autumn that the industry should be "co-ordinated to ensure greater social control," Mr. Sven Aspling, the Minister for Social Affairs, said. A demand for nationalisation of the industry was tabled at the party's 1972 congress.

No details have been released of the steps proposed, but Kabi, the state-owned pharmaceutical company, is expected to be given a key role. Swedish production of drugs and medicines is dominated by Astra, which had sales worth Kr.1.1bn. (£122m.) last year. Kabi's 1973 turnover was Kr.286m. (£31m.). Mr. Arne Wegerfelt, Astra's managing-director, has expressed surprise at not being informed of the governing party's plans and has invited the Social Affairs Minister to visit the company and explain them to his staff.

Mr. Ingvar Svanberg, Social Democrat chairman of the parliamentary economic committee, said state expenditure on medicines could be cut by reducing the range of brands available and using a pricing method which was free of commercial considerations. The state could buy up the equity of companies not willing to meet these conditions.

Mr. Svanberg said there was no intention of interfering with Swedish pharmaceutical exports. Astra's managing-director expected 75 per cent. of his company's output to be exported during the rest of this decade "but that does not mean we can abandon the home market." The Swedish companies hold about half the domestic market.

ESAB sales up 25%

BY JOHN WALKER

STOCKHOLM, May 21.

ESAB, SWEDISH welding equipment manufacturers, state that group sales for the first four months of this year are up by 25 per cent. to Kr.320m. (£35.5m.) compared with the same period in 1974. Parent company sales rose by Kr.35m. to Kr.152m. (£17m.) in the first four months of this year. Of the parent company total, Kr.90m. was exported.

The profit before appropriations and taxes during the period under review amounted to Kr.30m., compared with Kr.20m. in 1974. Group sales for the whole of 1975 are forecast to increase by between 10 and 15 per cent. to a total of just over Kr.1bn. at current prices. The volume increase is expected to be about 5 per cent. during the whole of the year.

Eriksberg rescue plan criticised

By William Dullforce

STOCKHOLM, May 21.

THE SWEDISH Government was called on to-day to define a commercial company's "social responsibility" as a result of its takeover last month of the loss-making Eriksberg shipyard from a symbolic price of Kr.1bn. (£100m.). The takeover has set off a debate in Swedish industry and business on company and shareholders' responsibilities.

Negotiations between the Government and Tirfing, the parent company of the Brostroem shipping concern which owned Eriksberg, resulted in Tirfing undertaking to make a loan of Kr.225m. (£25m.) to the shipyard under its 1974 account and to order two 32,000-ton bulk carriers from the yard at a higher than market price. These undertakings ate into Tirfing's 1974 earnings and resulted in it declaring a pre-tax loss of Kr.14.9m. before appropriations.

This was considered as the price the company had to pay, entailing a substantial improvement in Eriksberg's liquidity, for the Government rescue of the shipyard. Tirfing's outgoing managing director said his Board had accepted its "social responsibility" in coming to terms with the Government.

Veckans Affaerer, the Stockholm weekly economic magazine, points out in a leading article to-day that the Eriksberg agreement puts a different interpretation on shareholders' responsibility than that contained in Swedish company law. The agreement implied that the shareholders' responsibility was no longer limited to the parent company, in which they held shares, but extended also to subsidiary companies.

There was a broad consensus of opinion in Sweden that a parent company's responsibility extended beyond purely legal limits, the magazine comments, but urges the Government to formulate clear regulations on a company's "social responsibility." Without such clarification no parent company could know the obligations it was assuming in taking over a new subsidiary and private shareholders would hesitate before investing in major companies.

Peru borrows $150m.

By Mary Campbell

THE PERUVIAN central bank, Banco de la Nacion, has arranged a $150m. five-year loan from a group of major American and Canadian banks. The loan is believed to represent the first tranche of projected external borrowing of $3bn. over the next three years. Although this particular $150m. loan is not believed to be tied to specific purpose, the whole financing plans have been drawn up to cover major development projects in Peru.

* * *

The Greek central bank, the Bank of Greece, is trying to raise substantial sums on the Euromarket. It is thought that a loan of at least $100m. will materialise with Credit Lyonnais as lead manager. However, terms have apparently not yet been agreed.

* * *

The European Coal and Steel Community's Frs.125m. bond issue has now been priced and the maturity is eight years, and indicated coupon 10 per cent. Lead managers are Banque de Paris et des Pays Bas and Lazard Freres. The management group includes Fondo de Inversiones de Venezuela.

Belgian steel maker faces 'necessary period of austerity'

BY DAVID CURRY

BRUSSELS, May 21.

A WARNING that the company faced "a necessary period of austerity" is contained in the annual report of the Belgian steel maker Forges de Thy-Marcinelle et Monceau (TMM). The president of the company, whose major shareholders are Compagnie Bruxelles-Lambert and La Financiere du Ruau, painted one of the blackest pictures yet of the state of the steel industry.

At the same time Count Jean-Jacques de Launoit discussed the reasoning behind the recent acquisitions by the company of stakes in two other steel companies: Cockerill, which is this country's major steelmaker, and Clabecq. TMM now controls just over 5 per cent. of Cockerill and just short of 22 per cent. of Clabecq.

He stated that the investment had been made primarily because of the need to rationalise the steel sector through the greater co-ordination of investments. The purchase also represented a diversification towards the market for flat products, he said.

Last year the company turned in a relatively good performance and is paying a net dividend of B.Frs.600 against B.Frs.500 on gross profits up from B.Frs.1.56bn. to B.Frs.2.76bn. (£34.5m.). Turnover was 41 per cent. better at B.Frs.13.8bn., thanks almost entirely to higher prices, since raw steel production moved only slightly ahead to 1.65m. tonnes from 1.61m. tonnes. Wages and other charges on the company in the way of social security and pension payments were up to B.Frs.3.5bn. from B.Frs.2.78bn, while depreciation charged was B.Frs.8.49bn. against B.Frs.8.623bn. Financial charges advanced from under B.Frs.60m. to B.Frs.173m.

For this year the outlook is gloomy. Following a 30 per cent. production cut in January and February, a 50 per cent. cut was imposed in March and in April the company ceased production altogether. In some products less than one-month's work had been on order while sales prices had declined heavily but production costs had accelerated, thanks particularly to raw material cost increases and wages. Last year the company experienced a rise in its wages bill of more than 23 per cent.

Count de Launoit thought that there was little chance of demand matching production capacity at any time this year, and thought that unless producers agree to control their output to avoid "ruinous competition" prices were unlikely to recover to the levels which would allow companies to meet necessary depreciation charges. TMM would limit its deliveries and hoped that destocking by merchants and users would be enough to trigger off higher demand.

For investment, the president said, the company would this year have to raise money. The European Coal and Steel Community had lent B.Frs.500m. for the new OBM steelworks representing a B.Frs.3.25bn. investment and production capacity of 2.5m. tonnes a year. A further B.Frs.750m. in loans was under negotiation. Altogether, out of a B.Frs.6bn. investment programme, some B.Frs.4bn. would have to be raised this year and later. Of this some B.Frs.1-1.5bn. would come in loans and the rest by self-financing and credits from suppliers.

Company Results

Firestone earnings ease

● Firestone Tire and Rubber Company reports second quarter (to April 30) earnings per share of 40 cents (44 cents). Net income was $23.1m. ($25.2m.) from sales of $919m. ($851m.).

First half figures were 71 cents (86 cents); $40.6m. ($49.0m.); and $1.74bn. ($1.64bn.) respectively.

● General Foods Corp. reports fourth quarter (to March 29) net operating earnings per share of 67 cents (68 cents). Operating net income was $33.4m. ($33.7m.) from sales of $1.08bn. ($916.1m.). Full year figures were: $2.43 ($2.40); $120.8m. ($119.8m.); and $3.68bn. ($3.12bn.).

Both periods in 1975 exclude provision for loss on termination of Viviane Woodward Cosmetics Business of 43 cents per share.

● Marcor reports first quarter (to April 30) earnings per share of 64 cent (91 cents)—or, on a diluted basis, 53 cents (69 cents). Net income was $25.6m. ($29.0m.) from revenues of $1.06bn. ($1.07bn.).

The 1975 net is before payment of $3.3m. in dividends on Preferred Series B stock owned by Mobil Oil Corp. Marcor is 48 per cent. owned by Mobil.

The 1974 net is restated for LIFO change.

● F. Hoffman-La Roche is paying increased 1974 dividend of Sw.Frs.550 (525) on higher net profit of Sw.Frs.72.37m. (68.08m.).

● Honeywell is paying a quarterly dividend of 35 cents (same) per share.

● Halliburton is paying a second quarterly dividend of 33 cents per share.

● CSR: Consolidated net profit rose to $A36.3m. (28.816m.) for the year to March 31, before extraordinary items. A final dividend of 7.5 per cent. is to be paid making 15 per cent. for year (15 cents per share). These figures do not include Australian Estates which will be consolidated with effect from April 1.

The contribution to group net profit of each of the major activities of the company was $A18.2 (9.3m.) for sugar, $A6.4m. (8.2m.) for materials for building and construction, $A10.9m. (9.2m.) for minerals and $A1.3m. (2.1m.) for other activities. Group revenue rose to $A359.2m. (414.5m.).

● Australian Fertilizers unaudited net profit fell to $A813,030 (1.104m.) for the half year to March 31 on sales of $A21.123m. (19.539m.). Directors said the higher turnover is not due to increased volume of overall sales but to Government approved price increases. It has actively pursued export business and this should enable profit to be well maintained in the second half, they added.

● Herald and Weekly Times unaudited group net profit for the six months ended March 31 was 35.4 per cent. down, the interim report said, while turnover was 13.3 per cent. higher. Directors said significant cost increases had to be absorbed, and were a major factor influencing the trading result.

An unchanged interim dividend of five cents a share (10 per cent.) was paid on April 23. In the year to September 30, 1974 consolidated net profit fell to $A11.84m. from $A12.3m.

● Australian Consolidated Industries unaudited net trading profit fell to $A9.78m. for year ended March 31 (16.98m.) on group sales of $A431m. (375m.). The result excludes minority earnings in subsidiaries of $5.18m. (8.82m.) and an extraordinary loss of $A318,000 (profit of $A2.8m.). A final dividend of 5 per cent. is to be paid making 10 per cent. for the year (13 per cent.).

The company said all operating areas except Australia showed improved profit in the year. However, Australian profits directly attributable to ACI fell 68 per cent. and Australian group profit, including earnings of partly owned subsidiaries, fell 75 per cent. The company said results were substantially affected by a sharp rise in interest rates and a very much higher level of borrowings to finance working capital.

It earlier reported that net trading profit in the year fell to $A9.78m. (16.98m.).

● Sanders Associates reported sales of $48.9m. for the third quarter of Fiscal 1975 compared with $41.8m. for the same period last year. Net income rose to $13.29m., or $2.91 per share, compared with $773,000 or 17 cents per share, in the third quarter of 1974.

● Bank of New South Wales is paying an interim dividend of 14 cents (same) per share.

● Ste des Grands Travaux de Marseille consolidated first 1975 quarter net turnover rose to Frs. 484m. (371m.).

Other News

TNT revalues freehold assets

Thomas Nationwide Transport has revalued freehold properties in Australia to reflect newly assessed values.

After allowing for the costs of the revaluation, the company has transferred $A7.86m. to an asset revaluation reserve account.

In addition, although the valuers have assessed an increase of $A6.07m. in the value of leasehold improvements, the directors do not propose to revalue these improvements at this stage.

The directors added that before June 30, they will consider making a further appropriation in the exchange fluctuations reserve.

Oce-Van Der Grinten said under its earlier announced rights issue it will issue 203,802 Fls.20 nominal shares on a one-for-six basis at Fls.147.50, ranking for the 1974-75 dividend.

Lists will open on June 3 with trading in the rights starting on May 26.

● CIBA-GEIGY will raise a Sw.Frs.120m. 12-year loan between May 10 and June 5, banking sources said. Other conditions remain to be fixed.

● Nederlandsche Scheepvaart Unie NV's Fls.60m. 8¾ per cent. six-year Euroguilder note issue was fully subscribed on Friday, the first day of subscription, Bank Mees en Hope said.

● Tesoro Petroleum Corporation said its tender offer for 5¼m. shares of Commonwealth Oil Refining Co. common stock was oversubscribed with about 11.9m. shares tendered.

Tesoro intends to purchase 5¼m. plus any additional shares required to eliminate fractional shares and make other adjustments.

Based on the preliminary figure of 11.9m. tendered shares, it would purchase on a pro rata basis about 46 per cent. of the shares tendered by each tendering Corco stockholder.

● John Lysaght (Australia) has announced a $A10m. debenture issue at par ($A100 each) with the right to accept oversubscriptions of a further $A5m.

The funds to be raised by the issue will be applied to financing the company's major scheme of expanding its sheet metal manufacturing facilities.

They will also be applied to financing additions to the company's facilities elsewhere and working capital requirements. The top interest rate is 13.5 per cent. per year for 12 and 15-year currencies.

● Bundaberg Sugar Co. has received acceptances totalling 51 per cent. in its offer for Millaquin Sugar Co.

Acceptances now total 4,518,747 shares and 60 per cent. of shareholders. The offer is conditional upon 90 per cent. acceptance.

The company is offering $A2.55 cash plus one Bundaberg share for each three Millaquin shares. Millaquin directors have recommended acceptance of the offer.

● Haw Par Brothers International announces that arrangements have been made for the sale of its wholly owned subsidiary, Tiger Properties to Tong Holdings.

The assets of Tiger Properties consist of two pieces of vacant land comprising a total area of 31,296 square feet. The sale consideration of S$9.25m. will be payable in cash on completion of the transaction.

● Societe Nationale des Petroles d'Aquitaine (SNPA) will acquire a 35 per cent. interest in Laboratoires Choay, the French Pharmaceutical concern which posted consolidated sales of Frs.118m. last year. Terms have not been disclosed.

The acquisition will be carried out by (SANOF I) SNPA's wholly-owned subsidiary.

The new acquisition is in line with SNPA's diversification policy. In less than 2 years the company acquired control or interests in seven non-oil concerns with combined annual sales of Frs.1bn., 25 per cent. of which is in exports.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	CONVERTIBLES	Bid	Offer
Amoco 8¼pc 1985	99	100	American Express 4¼pc '87	82	84
Ashland 8pc 1987	93½	94½	Ashland 5pc 1988	76½	79¼
Australia 9pc 1987	90¾	91¾	Beatrice Foods 4¼pc 1992	87	89
BP 8¾pc 1984	93¼	94¼	Beatrice Foods 4¼pc 1992	97½	99½
Borg Ward 8½pc 1989	95	96	Borden 5pc 1992	90	92
Carrier 9pc 1985	90½	91½	Broadway Hale 4¼pc 1987	73	75
Conoco 8pc 1986	96	97	Canon Camera 7¼pc 1989	83	85
Consol. Foods 7¾pc 1991	85	86	Carnation 4pc 1987	92	94
Cutler Hammer 8pc 1987	92	94	Chevron 5pc 1988	92	94
EIB 9½pc 1985	101	102	Dart 4¾pc 1987	87	89
Esso 8pc 1986 Nov.	97¼	98¼	Eastman Kodak 4¼pc 1988	120	122
General Cable 8¼pc 1987	95½	96½	Economic Labs. 4¼pc 1987	80	82
General Motors 8¼pc 1986	102	103	Fiat 7¼pc 1989	102	104
GTE 8¼pc 1985	97½	98½	Ford 6pc 1986	87	84
ICI 7¼pc 1992	78	80	Ford 5pc 1988	75	77
Natl. Grindlays 7¾pc 1987	74	76	Fuji 6¼pc 1995	111	
Pacific Light 8pc 1985	91½	92½	General Electric 4¼pc 1987	82	84
Prov. of Quebec 7¾pc 1985	90½	91½	Gillette 4¼pc 1987	82	84
Quebec Hydro 8¼pc 1989	98½	99½	Gould 5pc 1987	82	84
Queensland 8¼pc 1987	90	91	Halliburton 4¼pc 1987	120	122
Seagraff 8¼pc 1989	97½	98½	Harris 5pc 1992	67	69
Shell 8pc 1986	95½	96½	Hitachi 6¼pc 1984	108	110
Stand. Oil (Inc.) 8¼pc 88	99½	100½	Honeywell 6pc 1988	76	78
Tenneco 7¾pc 1987	84½	85½	ITT 4¼pc 1987	69½	71½
Transocean 8pc 1986	97	98	Komatsu 6¼pc 1984	100	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: White Weld Securities. Source: Kidder Peabody Securities.

Record profit for MEA

By Michael Donne, Aerospace Correspondent

MIDDLE EAST AIRLINES of the Lebanon earned a record profit of £6.8m. (Lebanese £35.5m.), Sheikh Najib Alamuddin, Chairman, told the shareholders in Beirut yesterday.

This followed the trend of recent years, he said, but the airline had to be prepared to meet "the tremendous challenges facing the air transport industry as a whole and which may affect our 1975 operations.

"The instability of currencies, the continued political tensions in many parts of the world, soaring inflationary prices and the increased recessionary tendencies in the major traffic-generating countries are bound to affect the movement of passengers and goods on major international routes.

"In our area, the increased oil wealth and the accompany increase in investments and in development expenditures are bound to attract increased traffic which in turn will attract more competition from major airlines who will divert more and more of their efforts and resources to this part of the world, thus intensifying competition on our main routes."

The airline's £6.8m. profit represented 8.5 per cent. of revenues which in turn had increased substantially during the year to the new record of £81m.

The annual report says that for 1975, the airline is budgeting for a profit similar to that of last year, despite inflation and falling consumer spending.

Efforts by the International Air Transport Association to increase fares, coupled with the development of business travel on MEA routes, are expected to improve the airline's yields.

Globus sales slowdown

By John Wicks

ZURICH, May 21.

GROUP TURNOVER of the Zurich-based department-store concern Magazine zum Globus rose by 10 in the financial year ended February 28, 1975, to Sw.Frs. 833.8m. (757.8m.).

Within this total, sales of the 35 shops of the ABM chain increased by 14 per cent. to Sw.Frs. 470.4m. and those of the Globus stores by 4 per cent. to Sw.Frs. 295.6m., the remainder coming from the menswear shops "Herren-Globus" (Sw.Frs. 23.8m.), the French subsidiary, Grands Magasins du Globe (Fr.68.9m.) and the publishing house Globi Verlag.

The parent company booked profits for the 1974/75 fiscal year of Sw.Frs. 7.3m. (7.6m.) after group profits also down slightly to Sw.Frs. 20.2m. (21.7m.). It is to pay an unchanged dividend of Sw.Frs. 65 per share and Sw.Frs. 13 per participation certificate on increased capital.

Executive Board vice-president Rudolf Bitterli said the fall in group net profit was partly because of a fall in the sales volume late in the year. Lower sales volume in December 1974 and in the first two months of 1975 were due to caution on the part of consumers, first visible in the durable consumer goods sector, such as furniture.

The company hopes earnings in the year ending February 28, 1976, will at least maintain last year's levels in nominal terms. But sales in the first two months of the current fiscal year have not fulfilled expectations, and stagnating sales figures are expected for the full year.

Woolworth credit line

NEW YORK, May 21.

F. W. WOOLWORTH CO. says that it has completed arrangements with ten banks led by Irving Trust Co. as agent for a revolving line of credit of up to $100m.

The company says that the agreement extends to January 31, 1978, convertible at any time until then into a five-year term loan.

FARMING AND RAW MATERIALS

Japan plans more soya meal cuts

TOKYO, May 21.

THE JAPAN Fats and Oil Association said its 12 member companies planned to form a recession cartel to reduce further production of soyabean meal subject to approval by the Government's Fair Trade Commission.

The Association said that, despite current production cuts of between 20 and 30 per cent., stocks of soyabean meal had risen to about 160,000 tonnes, or twice the normal level, as a result of sluggish demand from the domestic livestock industry.

Industry sources said prices of soyabean meal had fallen to Y1,700 per 37.5 kilos, far below the minimum profit level of Y3,000. Some oil mills were trying to increase exports of soyabean meal to south-east Asia at reduced prices, as the rainy season, which begins early next month, would spoil the quality of the meal. About 16,000 tonnes of the meal had already been shipped to south-east Asia.
Reuter

Bigger cotton crop estimated in NS Wales

SYDNEY, May 21.

THE NEW South Wales Agriculture Department estimates the 1974/75 State cotton crop at 120,000 to 125,000 bales, against 96,830 bales in 1973/74.

Harvesting of the crop had already started in producing areas of the State, which normally produced 75 to 80 per cent. of Australian lint output, the Department said.

The area sown is estimated at about 27,700 hectares, against 31,000 hectares last season, when floods reduced output.
Reuter

U.S. RICE FOR BANGLADESH

WASHINGTON, May 21.

Bangladesh had been authorised to buy about 50,000 tonnes of U.S. rice under an existing PL480 agreement, the U.S. Department of Agriculture announced here.

Bangladesh may buy the rice, valued at $17.0m., from U.S. suppliers between May 27 and 31 and ship it by June 30 from U.S. ports.
Reuter

EEC beef price rise confirmed

BY PETER BULLEN

FOR THE FIRST time for nearly a year, the EEC reference price for beef is above the official intervention level the Meat and Livestock Commission confirmed yesterday. One result is likely to be a continuation of the reduction in the amount of beef being sold into intervention in the Community.

The reference price has risen because of firmer prices being obtained by producers in cattle markets in most parts of the Common Market. However, in the UK cattle market prices have eased in the past few days. The MLC estimated last night that the average fatstock price from Monday to Wednesday was down 39p to £22.47 a live cwt (compared with £18.95 a cwt a year ago).

This easing in U.K. markets is not expected to reduce the overall EEC reference price, which will be calculated in Brussels later to-day and should still be above the intervention level for the Community as a whole.

Sales of beef into intervention have already been dropping significantly in recent weeks. France, one of the major users of intervention buying, placed only just over 2,000 tons of beef into intervention in the first week of this month, compared with an average of well over 3,000 tons a week in the previous four weeks.

Ireland also is putting less into intervention following a cutback ordered by the Government last month. In addition, the EEC Commission has made selling into intervention less attractive by altering the coefficients used in calculating the buying-in prices, although it decided yesterday to drop its plan to suspend payment of de-boning subsidies between May 24 and June 14.

At present the Common Market's beef intervention stocks are estimated to be around 280,000 tons, but as well as the continued sales of bone-in beef from the stocks, special tenders of boneless beef are being held.

Last week 7,600 tonnes were sold in this way from Ireland (4,384 tonnes), France (1,303 tonnes) and Denmark (1,984 tonnes).

● A Bill to provide low interest loans to Australia beef producers, who have been particularly hard hit by the reduction in overseas demand, went before the Federal Parliament yesterday, Radio Australia announced.

Call for big rise in tin buffer stock

GENEVA, May 21.

THE TIN buffer stock should have a minimum capacity of some 35,000 tonnes, and tin producing and consuming countries should share equally in financing it, Indonesian Mining Minister, Mr. Mohamad Sadli, told the UN tin conference here to-day.

The 36-nation conference, which opened yesterday and will run for five weeks, aims to draw up a new five-year international tin agreement to replace the current one, which is due to expire on June 30 next year.

The present Agreement set the buffer stock capacity at 20,000 tonnes, but informed sources said its effective ceiling is around 12,000 tonnes.

Mr. Sadli said that in the first agreement, which came into effect in 1956, the buffer stock was fixed at a figure of 25,000 tonnes. World tin production then stood at around 165,000 tonnes and consumption at 150,000 tonnes. "Now that the level of both production and consumption stands at 200,000 tonnes, I assume that a buffer stock of some 35,000 tonnes capacity would be a minimum," he said.

Since the operations of the buffer stock benefitted both producer and consumer countries, it was only fair that all members of the Agreement should equally shoulder its financing, Mr. Sadli declared.

In each of the four tin Agreements to date, financing has been by compulsory contributions from tin producing countries with no obligation on users, although two consumers—the Netherlands and France—have contributed voluntarily.

Netherlands delegate, Mr. Johannes Van Diest, strongly supported the proposal that it should be compulsory for all producing and consuming countries participating in the Agreement to contribute to financing the buffer stock.

MPs warned of fishing collapse

By Our Commodities Staff

THE BRITISH fishing industry is in danger of total collapse, the British Trawler Federation told fishing port MPs yesterday. In a message timed to coincide with the opening of the annual meeting of the North-East Atlantic Fisheries Commission (NEAFC) in London, the Federation said that since the beginning of this year, 68 more trawlers had been laid up and more than 1,000 jobs lost because of the economic situation.

"The British fishing industry is bleeding to death, and in danger of total collapse," the Federation said. It called for continued financial assistance after the ending of the £6.25m. temporary Government subsidy on June 30 and a revision of the EEC Common Fisheries Policy.

Opening the NEAFC meeting, Mr. Hugh Brown, Under Secretary at the Scottish Office, warned delegates that decisions taken at the conference would determine "whether some stocks can be preserved from extinction as a commercial fishery." He stressed that priority should be given to fishing for human consumption . . ." the most effective utilisation of fish protein.

● At Hull to-day, trawler owners and union officials are meeting to discuss possible 20 per cent. redundancies in the fish landing labour force.

Lower output of aluminium

MEMBERS OF the International Primary Aluminium Institute produced 812,000 tonnes of primary aluminium in April, compared with 830,000 tonnes (revised) in February and 898,000 tonnes in April 1974.

Stocks of all forms of aluminium scrap, primary and secondary ingot, metal in progress and finished mill products at the end of March were 4.5m. tonnes, compared with 4.2m. at end-February and 2.9m. at the end of March 1974.

The institute covers all primary aluminium productions, except Eastern Europe, Turkey, Yugoslavia, the USSR and China.
Reuter

WHEAT EXPORT

WINNIPEG, May 20.

THE CANADIAN Wheat Board has cut export wheat prices by 21.875 cents a bushel. The new price for Number One Canada western 13.5 per cent. protein wheat in store Manitoba is $4.73875 a bushel, and at Thunder Bay $4.44875 a bushel.

U.S. COMMODITY COMMISSION

Watchdog gets down to work

BY ADRIAN DICKS, RECENTLY IN CHICAGO

THE AMERICAN commodity markets, after being left more or less to themselves for decades, are reluctantly coming to terms with a new presence in their lives, the recently-created Commodity Futures Trading Commission. The public has been highly suspicious of the futures business ever since the 1972 Soviet grain purchase, and it was not reassured by the high price levels of 1973 and 1974 brought about by short supplies of key agricultural products. There can be little doubt that millions of ordinary Americans continue to lay much of the blame for the inflation of the past two years on the hidden manipulations of commodity speculators.

No surprise

It came as no surprise to the industry, therefore, when Congress last autumn completed action on a replacement for the Agriculture Department's Commodity Exchange Authority, which had exerted an uneven and largely ineffective control over markets. The new Commission, which formally began work last month, is intended to be a watchdog over commodity markets with powers as sweeping as the Securities and Exchange Commission exercises in the securities field—indeed, in several respects it will be more powerful whether its existence three years ago could have prevented the Soviet Union's astute buyers from cornering the wheat market, and whether its presence might have had any restraining effect on price levels, is at the very least debatable, but now that it is in place, there can be little doubt that the CFTC is here to stay.

For openers, the five commissioners under the chairmanship of a former lawyer, Mr. William Bagley, have started assembling a vast amount of information about the futures business. Much of this will be used to analyse more accurately how commodity trading works, and the CFTC will study ways in which trading and settlement operations might be computerised and streamlined. It has also made clear that it does not intend any immediate or drastic changes in the day-to-day functioning of markets by asking all those now in operation formally to file their trading regulations and disciplinary procedures. While this is likely to be merely a formality for established exchanges, it also represents the first move by the CFTC to exercise its authority over previously unregulated markets, which will have to scramble to complete codes of conduct and enforcement machinery within the next two months.

Mr. Bagley has also served notice that he intends to lose no time in tackling the central question of the ethics of the commodity business or, as he put it recently, helping to restore public confidence in markets. The CFTC has accordingly ordered all futures markets to meet what he calls a guideline of economic purpose, meaning that it must show that futures contract trading is related to economic use and that futures prices bear some relation to the "real world" of cash dealings.

Basic reasons

Unless you have contracts which are traded in conformity with the economic reality of the spot market, then you're asking for trouble, you're encouraging manipulation," the new Commission's chairman told the Press in Washington, although senior spokesmen for the industry are diplomatically saying for quotation that they welcome the CFTC's presence, it seems certain that the philosophical view of the commodity's business Mr. Bagley indicated will not endear him to the great majority of those he must regulate.

Beyond questioning the basic reasons why futures markets exist at all, the CFTC must also decide within the next few months a number of other matters which go to the heart of how honourably commodity trading has been conducted. None divides dealers more than the question of alleged conflict of interest. Should the Commission, like the SEC, separate brokers who trade on commission for their customers from those who also buy and sell contracts on their own account? Congress has ordered the CFTC to reach a decision within the next six months.

Commission houses, many of which handle commodities as an extension of their basic business in securities regard the role of a commodity broker as exactly parallel to that of a stockbroker. They allege that the big grain companies in particular, in dealing for themselves as well as handling business for private customers, are bound sooner or later to be tempted to be forced into a position where they will take advantage of their client. Indeed, Commission men say it has happened many times.

The commercial houses retort that no customer is obliged to deal with a broker he feels is treating him unfairly, and also claim greater experience of commodity trading than the commission houses schooled in the stock market. They also manage to suggest, without usually directly saying so, that their retail account customers benefit from the big companies' own close knowledge of markets and extensive private research efforts.

This in turn raises the question of equality of information for investors, the goal towards which the SEC has long directed its efforts. Mr. Paul McGuire, *the outspoken independent trader* who currently serves as chairman of the Chicago Board of Trade, feels strongly that the analogy with the stock market is in this context misleading. He points out that the most sophisticated and authoritative information on major agricultural commodities is freely and simultaneously made available to all by the U.S. Department of Agriculture, and feels that few of the estimates available privately to anyone else are consistently reliable enough to give any long-term trading advantage.

Mr. McGuire and the CBT's president, Mr. Warren Lebeck, also feel that the conflict of interest controversy has been overplayed. Mr. Lebeck argues that the risk of embarrassment and public chastisement for a commercial house caught cheating its customers would be far greater than any short-term profit it might reap.

Will benefit

Another area that the CFTC is looking at is that of commodity options, outlawed in the U.S. since 1933. Earlier this month it published new anti-fraud regulations to protect American investors trading in London options, and some dealers feel this may be the first step towards consideration of resuming the business in the U.S. itself. The phenomenal success of the CBT's own offshoot, the Chicago Board Options Exchange, has added to the pressure.

In all the issues being raised as the CFTC gets down to business, the market tends to feel it is being unjustly singled out for increased Government interference, and many older hands in particular worry at the fall of what they see as a last bastion of unregulated free enterprise at work in America. Yet the crisis of confidence is a real enough issue, and Mr. E. B. Harris, the long-time president of the Chicago Mercantile Exchange, is one seasoned observer who believes firmly that the industry will find out soon enough that it will benefit from the presence of the new watchdog no less than the public.

Rise in U.S. wheat feeding likely

WASHINGTON, May 21.

THE AMOUNT of wheat used for domestic feed in the U.S. in the 1975-76 season, beginning July 1, will range from 175m. to 200m. bushels, almost double the present season's usage, says the U.S. Department of Agriculture.

In a summary of its wheat situation report, to be published on May 29, the USDA says this is due to projected large wheat supplies and the likelihood that harvest time wheat prices may be competitive with feedgrains.

In terms of total supply and total usage of wheat for the approaching new season, however, the Department has made only minor changes from initial projections issued last month in its periodic supply and demand estimates.

Contrary to earlier indications that it would trim back its wheat export estimates, the Department has held to its previous forecast that the current season's wheat exports would total 1,100m. bushels and that next season's would range from 1,050m. to 1,200m. bushels.

LOWER ARGENTINE MAIZE ESTIMATE

BUENOS AIRES, May 21.

The Argentine 1974/75 maize crop will be between 7.25m. and 7.5m. tonnes, compared with earlier predictions of around 10m. tonnes, according to private grain sources. The crop was 9.9m. tonnes in 1973/74 and 9.7m. in 1972/73.

The maize crop was already 60 to 65 per cent. harvested, the sources added.
Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally lower on balance. Prices were initially easier following the failure of the U.S. market overnight to consolidate its earlier gains, and forward metal traded down to £566 in a rather quiet market still lacking any worthwhile outside demand. A higher than expected ...

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £549, 48, 48.5, three months £567, 68, 68.5, 67, 68, 65.5, 66. Cathodes: cash £567, 78, three months £568.5, 66. Kerbs: Wirebars: cash £548.5, late May £546.5, early ...

TIN—Little changed. A moderate two-way turnover developed in Standard forward metal, reflecting feelings that a tighter supply situation would develop ...

Morning: Standard: cash £2,960, 59, 60, three months £3,020, 19, 20. High Grade untraded. Kerbs: Standard and High Grade untraded. Afternoon: Standard: cash £2,962, 61, mid-June £2,963.

LEAD—Easier. Prices held steady in early trading following renewed influential buying of cash metal. Later, forward metal came under pressure and when the price dipped below the £180 ...

COFFEE

SILVER

RUBBER

COCOA

SUGAR

FREIGHTS

DRY CARGO—There was a sharp reduction in the volume of chartering and rate indications remained depressed. ...

Timecharterers fixed a vessel of 19,925 long d.w.t. for a trip from Guanta, Venezuela, via Persian Gulf redelivery passing Qaboos at $2,500 daily May/June and a vessel of 15,062 long d.w.t. for a trip from Sandheads to U.S. east coast at $2,250 daily May.

OIL TANKERS—Fairly quiet with no change in rates. ...

GRAINS

WOOL FUTURES

JUTE

COTTON

VEGETABLE OILS

MEAT/VEGETABLES

PRICE CHANGES

Prices per ton unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Buying lifts silver and grains

NEW YORK, May 21

SILVER closed higher on Commission House buying. Copper finished higher on featureless trading. Cocoa closed mixed in a dull and featureless market. Sugar declined on Commission House short-covering. Chicago grains advanced on commercials and professional buying, Bache reports.

Cocoa—Ghana spot 61½ (62), Bahia spot 54½ (55). July 47.50 (51.72), Sept. 45.00 (47.92), Dec. 46.30, March 46.45, May 46.75, July 47.05, Sept. nil. Sales: 820.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: May 50.00 nom. (50.00), July 55.20-55.40 (52.59), Sept. 55.00, Nov. 55.50-56.00, Dec. 56.20-56.30, March 56.60, May 57.10 nom. Sales: 341.

Copper—May 5.820 (55.90), June 56.20 (55.00), July 56.70, Sept. 57.55 settlements. Sales: 922.

Cotton—July 45.90-45.93 (45.29), Oct. 46.92-46.95 (47.02), Dec. 47.60-47.64, March 48.42-48.49, May 49.05-49.15, July 49.77-49.55, Oct. 50.00-50.15. Sales: 1,542.

Gold—May 171.80 (167.60), June 172.20 (168.20), July 173.20, Aug. 174.20, Oct. 175.60, Dec. 177.50, Feb. 180.70, April 182.90, June 185.10, Aug. 187.30. Sales: 2,606.

Greasewool—Spot 134.0 nom. (same), July 132.0-133.0 (131.0), Oct. 135.0-139.0 (137.0), Dec. 139.0-142.5, March 139.0-142.5, May 140.0-145.0, July 140.0-145.0, Oct. 140.0 bid.

Lard—Chicago loose 27 traded (26 asked). NY drummed 32 nom. (32 nom.).

Maize—July 281-280 (277-275½), Sept. 268-268 (273½-275), Dec. 257-259½, March 259½, May 264½.

Platinum—July 153.40 (150.50), Oct. 156.50 (151.80), ...

ACCOUNTANCY APPOINTMENTS

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01-405 8362/3

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Group Finance Director

Dubai — *circa £10,000*

Our client, a multi-national company seeks a Group Finance Director for their holding company which is being established in Dubai. The company has a turnover of about £45M p.a. and is engaged in large-scale trading and also in construction work in the property development field. Plans are already at an advanced stage for both the diversification and development of the company's activities.

The Group Finance Director will report to the President, and will have as his prime responsibility the development of an effective accounting function to provide timely and meaningful management and control information.

Suitable candidates will probably be qualified accountants, aged 35-45, with a record of achievement in senior financial management, preferably in an expanding overseas environment. They should be capable of adapting themselves to local conditions and to people of various nationalities. They should offer practical experience of budgetary control, and the design and implementation of modern financial procedures.

Salary which will be payable free of tax, will be negotiated at about £10,000 p.a. Benefits include free furnished housing, and transport facilities. The initial contract will be one of 3 years and will be renewable.

Candidates should write for a personal history form, quoting reference MCS (51) to Price Waterhouse Associates, 32/34 Worship Street, London EC2A 2HD.

MIDDLE EAST

BUDGET MANAGER £7,000-£10,000 + fringes
A.C.A./A.C.M.A. aged 27-40

ASSISTANT CHIEF ACCOUNTANT £6,000-£8,000 + fringes
A.C.A. aged 25-32

Due to steady expansion of their activities in the Gulf, our clients have retained us to recruit two qualified financial managers. With a 300% growth in the last three years, this is an unprecedented career opportunity to join one of the most respected general trading Companies in the Middle East.

Fringe benefits include a housing subsidy, and will be discussed fully during the interview.

PLEASE SUBMIT YOUR CAREER PROFILE IN STRICT CONFIDENCE TO ALAN STUCK, F.C.A.

LACHLAN INTERNATIONAL LTD.
MANAGEMENT RECRUITMENT CONSULTANTS
18a Northampton Square London EC1V 0DH
Tel. 01-251 2596 — Tel. 01-253 5709

FINANCIAL CONTROLLER

Finance house is seeking a newly qualified accountant. Excellent salary and company benefits. Apply to Box T.4120, Financial Times, 10, Cannon Street, EC4P 4BY.

Financial Controller

South Africa c.£15,000

A substantial South African group of public companies requires a suitably qualified and experienced man for the newly created position of Financial Controller based in Durban. The group has manufacturing plants in several countries and has an outstanding record of profitability and growth.

As a member of the top management team the new man will have extensive departmental and advisory responsibilities and report to the Chairman. This is to be an early main board appointment.

This position will appeal to a Chartered Accountant aged over 40, with appropriate senior management experience in an industrial environment who is interested in settling in South Africa.

Remuneration is negotiable. Initial salary is likely to be around £15,000 with attractive fringe benefits.

Write in confidence to R. N. Orr, Personnel Services Division of:

Spicer and Pegler & Co.,
Management Consultants,
6 New Street, Bishopsgate,
London, EC2M 4UH

NATIONAL FINANCIAL CONTROLLER

AGE: 30 to 45
SALARY: CIRCA £6,500

Thornton Baker & Co., Chartered Accountants, wish to appoint an experienced qualified accountant to the newly created post of National Financial Controller.
The successful candidate will report to the Chairman of the firm's Financial Management Committee, and be responsible for the production of management and financial accounts and the operation of budgetary control systems. He will also be expected to assist in the appraisal of special projects.
This is a demanding appointment, based in the North London/South Herts area, and candidates should have relevant experience in industry, commerce or practice and be prepared to travel within the United Kingdom. Knowledge of computer based accounting systems is also essential.

Please apply with full particulars to:-

N. E. Bruckland,
National Secretary,
Brosnan House,
Darkes Lane,
Potters Bar,
Herts. EN6 1BE.

tb

Wellcome

Chief Accountant Pakistan

(PAKISTANI NATIONAL)

Our Company in Karachi, which is engaged in the manufacture and sale of pharmaceutical products in Pakistan, wishes to appoint a Pakistani national aged 30 to 35 to the newly established position of Chief Accountant.

Reporting to the Financial Director, his duties will include financial and cost accounting to the final stage, budgeting and certain administrative and secretarial responsibilities. Previous industrial experience, although desirable, is not a requirement, but membership of the British Institute of Chartered Accountants is an essential qualification.

Initial interviews will be held in London this summer. Assistance with relocation expenses may be given in certain circumstances.

Please write for application forms and quoting reference B/164 to the Personnel Manager,
International Services,
The Wellcome Foundation Ltd.,
183 Euston Road, London NW1 2BP.

FINANCIAL DIRECTOR

(Designate)

Age: 35-45 Midlands
£8,000 negotiable + car

Our client is a profitable medium sized group of companies with diverse interests but mainly concerned with printing. They require a Financial Director (Designate) who will report to the Managing Director.
He will be responsible for the complete accounting function, including the management of a large staff. He will be responsible for the operation of a modern management information and control system which is computer-based. He will prepare the financial accounts. He will provide financial advice to the Board and will be expected to make an important contribution to the successful management of the company. He will be responsible for secretarial matters.
Applicants should be qualified accountants in the age range 35-45 with sound accounting experience at senior level.
Removal expenses will be paid where appropriate.
Please write or telephone, in confidence, for an application form (ref. 767/FT) to:-

W. C. Tait,
Touche Ross & Co.,
Management Consultants,
Executive Selection Division,
37 Chancery Lane, London WC2A 1NF.
Tel. 01-242 7431.

GENERAL APPOINTMENTS

TRUST OFFICER

Subsidiary of Canada's largest Trust Company

We have a vacancy for a Trust Officer. The successful applicant will probably be aged 20-30 with sound practical experience of trust and estate administration and preferably will hold part or whole of the A.I.B. Trustee Diploma.

The position, involving some work with an international flavour, offers scope for responsibility and initiative as well as a competitive salary with excellent staff benefits which can include mortgage assistance.

Please write or telephone for an Application Form to:-

The Personnel Officer,
THE ROYAL TRUST COMPANY OF CANADA
Royal Trust House,
54 Jermyn Street, London, SW1Y 6NQ.

Management Consultants

R & M (Management Consultants) Ltd is a member firm of the W H Smith Group of Companies and provides consultancy services to the Parent Company and on the open market. Applications are invited from senior men in the 30-40 age group, interested in a career within the Group. Successful applicants may already be in consultancy or have a number of years relevant executive experience. A high level of professional and academic achievement will be expected, preferably with a range of skills. Areas of special interest are:-

Company Organisation
Corporate Policy and Strategy
Staff Policy and Remuneration
Behavioral Studies
Project Management

The salaries offered will be in line with those obtainable in major consulting organisations. The appointments will be based in London and W H S Group conditions of service will apply.

All applications will be treated as strictly confidential and should be addressed to The Managing Director

R & M (Management Consultants) Limited,
Crown House, 143-147 Regent St. London W1R 7LB.

Corporate Finance

£20,000 plus

Our City clients are seeking a top corporate finance executive to play a major role in the future expansion of its already substantial Corporate Finance Department. Remuneration negotiable from £20,000. Preferred age 35-50.

Candidates will, for preference, be qualified accountants, FCIS or lawyers. They are likely to be heads of or senior executives in Corporate Finance Departments of merchant banks or firms of stockbrokers or solicitors.

Please write or telephone in strict confidence to the Managing Director, John Courtis & Partners, at 78 Wigmore Street, London, W1H 9DQ (Tel: 01-486 6849), indicating briefly relevance of experience and quoting reference 723/FT.

JC&P

Investment Analyst

One of the City's largest stockbroking firms, whose research is of top quality and held in high regard by the institutions, is planning further expansion of its research coverage.

Applications are invited from analysts including those with particular knowledge of the consumer non-durable areas. They should have at least four years' relevant experience and preferably be aged between 26 and 32. Experience of producing in-depth research reports is desirable as are a degree and/or appropriate professional qualifications.

A full competitive salary will be paid plus profit sharing and there is a non-contributory pension scheme and other fringe benefits. Promotion is based on ability and there is no limit to the progress which the right candidate can make.

If you feel that you match up to these requirements and would like an exploratory confidential discussion with us, please send full details including your career to date and current salary to:

Box T.4119, Financial Times,
10, Cannon Street, EC4P 4BY.

EAL

HONG KONG
Corporate Finance
£10,000 - £20,000

Developing Hong Kong Merchant Bank with substantial capital has offices in the Far and Middle East and operates internationally. It intends to expand its Corporate Finance function by the following appointments:-

A Senior Executive with short-term Board potential, aged probably 35-40. Salary £15,000 to £20,000. (PV.489)

An Executive aged 27-32 with shipping finance and corporate finance background. Salary to £10,000. (PV.490)

A Corporate Finance Executive also aged 27 to 32. Salary to £10,000. (PV.491)

Additional benefits include free housing and low tax. Relocation expenses paid. Prospects in a challenging environment are excellent.

Please write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1. quoting appropriate reference. No identities divulged without permission.

FINANCE EDITOR-ANALYST

Highly attractive career in New York City. Start as Associate Editor, prospect Senior Editor of important international finance publication, especially dealing with international monetary and financial markets. Capable of editorial management. Ability to interpret new trends, events and statistical data. Knowledge of languages, especially German, helpful. Salary negotiable. Submit confidential portfolio including biography. Write Box F.235 Financial Times, 10, Cannon Street, EC4P 4BY.

DOCUMENTATION CLERKS with Shipping or Commodities experience, £3,000-£4,000 p.a. plus. Also trainees Charterhouse Appointments, 01-836 2377.

SENIOR EXECUTIVE APPOINTMENT IN SOUTH AFRICA

General Manager

required for rapidly expanding finance company, a subsidiary of a public quoted company, situated in Johannesburg with branches in main urban areas. The position calls for a man who has a sound background in leasing and consumer credit with overall knowledge of marketing, credit control and accounting. He must possess the personality to exercise tight management control over the company's operations and will report direct to the Managing Director. Age is not important. The position carries a board appointment and the salary and benefits will be commensurate with the importance of the appointment. Those currently earning less than £10,000 p.a. are unlikely to possess the required experience.

Please write with full curriculum vitae to Box A.5073, Financial Times, 10, Cannon Street, EC4P 4BY.

PUBLIC NOTICES

DERBYSHIRE COUNTY COUNCIL
£3m. Bills maturing on 20th August, 1975, were issued on 21st May, 1975, at 9⁵⁄₁₆% per annum. Applications totalled £22m and in addition there are £7m. Bills outstanding.

EXETER CITY COUNCIL BILLS
£0.4m. Bills issued 21st May, 1975, due 20th August, 1975, at 9½%. Applications totalled £2m. £0.4m. bills are outstanding.

METROPOLITAN BOROUGH OF BURY
£800,000 bills issued 21st May, 1975, due 20th August, 1975, at 9⁷⁄₁₆% p.a. Applications £6.9m. These are the only bills outstanding.

METROPOLITAN BOROUGH OF SANDWELL BILLS.
£2,250,000 bills issued 21.5.75, maturing 20.8.75 at 9.35-64%. Applications totalled £19,250,000. Bills outstanding £5m.

STRATHCLYDE REGIONAL COUNCIL BILLS
£5m bills issued 21.5.75 maturing 20.8.75 at an average rate of 9.5406%. Applications totalled £38,500,000. Bills outstanding £14,250,000.

INVESTMENT ANALYST PHARMACEUTICALS

Our client, a leading firm of London stockbrokers, is seeking an analyst with practical experience of the pharmaceutical industry or, alternatively, with a proven record of quality research into companies in this industry.

The successful applicant is likely to possess a degree and/or professional qualification, and knowledge of at least one Continental European language would be a distinct advantage, as also would familiarity with French and German balance sheet analysis. He or she will become a member of a team of analysts but should be capable of developing existing analytical skills in an environment where personal achievements are recognised and rewarded. Remuneration will be by negotiation and will be fully competitive.

Applications, which should give details of your career to date, will be forwarded to our client. Please indicate in a covering letter any firms to whom you do not wish your application to be sent. In the first instance please reply, quoting ref. 769, to:

W. L. Tait,
Touche Ross & Co.
Management Consultants
Executive Selection Division,
57 Chancery Lane, London WC2A 1NF.
Tel: 01-242 9431.

COMPANY NOTICES

Invitation of the Shareholders of the
HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A.
to the Ordinary General Assembly
HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A.

In accordance with the Articles of Association No. 27 and 30, the Shareholders of the "HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A." are invited to the Ordinary General Meeting which will be held on Thursday, June 19th, 1975 at 12.30 hours at the premises of our Head Office in 24, Stadiou street (1st Floor).

Any Shareholder wishing to attend the General Meeting must deposit his shares at the latest 5 days prior to the above mentioned date of the Meeting as follows:

In Greece, with the Company's Cashier or with the Consignment Deposits and Loans Fund or with any Bank in Greece, and

Abroad, with any one of the recognised foreign Banks.

The Agenda of the General Meeting have been set forth as hereafter:

(1) Report of the Board of Directors on the Company's activities during the tenth year of accounts 1974 and Balance-Sheet as at the 31st December, 1974.
(2) Auditors' report on the Balance-Sheet as at 31st December, 1974.
(3) Approval of the 1974 administration as well as of the Balance-Sheet as at 31st December 1974 and of the disposal of profits.
(4) Release from any liability whatsoever for indemnity in connection with the 1974 administration and with the Balance-Sheet as at 31st December 1974
   (a) of the Board of Directors and the Managing Director
   (b) of the Auditors.
(5) Approval of the remuneration of the Members of the Board of Directors for the year of accounts 1974.
(6) Ratification of the election conducted by the Board of Directors of Members in replacement of the ones who resigned.
(7) Election and fixing of fees, for the year 1975 of two regular Auditors one of which must be member of the Institute of Chartered Accountants' as well as of an equal number of substitutes.
(8) Granting of permission to the Directors and the Management to become members of the Board and to participate in the Management, or otherwise of other concerns pursuing similar objects.

By Order of the Board of Directors,
THE MANAGING DIRECTOR
CONST. COSTAKIS.

Athens,
19th April 1975.

TONGKAH HARBOUR TIN DREDGING BERHAD
(Incorporated in Malaysia)

The Transfer Books will be CLOSED from 13th to 18th June, 1975, both dates inclusive.

MAJOR FIRM OF LONDON STOCKBROKERS

with large international business
has a vacancy for an

EXPERIENCED INVESTMENT ACCOUNT EXECUTIVE

Competent to handle home and overseas bank and trustee investment enquiries. Specialisation in market sectors encouraged. Remuneration according to experience, non-contributory pension fund operative. Write in the first instance with details of experience to Box A.5066, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANCY APPOINTMENTS

Financial Control

North West England
£7000 plus

This key appointment is with an important and profitable company within a major British engineering group. As a member of the senior management team, the successful candidate will be responsible for the general financial management of the business; particular emphasis will be on running a finance/accounting department through qualified staff, and on the creative development of financial control and management accounting information systems.

Candidates, probably aged between 30 and 40, should be chartered accountants, ideally with a university/business school degree. At least three years' experience in an engineering company using modern systems of management control is required. Starting salary negotiable; company car; excellent conditions and prospects.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1019.

ASL CONFIDENTIAL RECRUITMENT
17 STRATTON STREET
LONDON
W1X 6DB
A member of MSL Group International

C&L

A major publicly listed international industrial corporation seeks an

ALL-ROUND MARKETING ORIENTED BUSINESSMAN

as a Corporate Vice-President to join its headquarters located in the Benelux.

He will be responsible for several operating companies in Europe and South America. Initially, he will be required to concentrate mainly on financial matters.

He must have substantial experience and a proven record of success in staff or line function - with a major international manufacturing enterprise. He must have demonstrated his ability in the financial field as an overall manager with a broad business outlook. He must be fluent in English and German and a knowledge of Spanish and Portuguese would be advantageous.

Remuneration in the five-figure bracket, benefits and career potential will be commensurate with the importance of the position.

Brief but comprehensive details of career and salary to date, which will be acknowledged and forwarded to our clients unless a covering letter gives contrary instructions, should be sent to: The Executive Selection Division - MF150, Coopers & Lybrand Associates Ltd., Management Consultants, Shelley House, Noble Street, London EC2V 7DQ.

TULLETT & RILEY CO. LIMITED

We are expanding our dealing teams on Euro Deposits, Sterling Deposits and Foreign Exchange. Applications are invited from men with experience in these areas. Contact:

Valerie Eyles
(Confidential Secretary to the Directors)
Tullett and Riley Co. Limited
38 Cannon Street, London, E.C.4
Tel: 01-248 9260

All applications will be treated in strict confidence

Due to expansion in all departments, International Foreign Exchange and Money Brokers are looking for

EXPERIENCED STAFF

Apply in writing to R. P. Martin and Co. Limited, 36/40 Coleman Street, London EC2R 5AN

APPOINTMENTS WANTED APPEAR TODAY ON PAGE 35

Controller

Around £13,000

A commercially-minded Controller is required by the principal division of one of Britain's largest and most successful groups.

Reporting to the Chief Executive, he will be responsible for the financial, accounting, systems, planning and marketing areas and will play a major part in the overall management of this £100 million turnover operation.

The requirement is for a mature and experienced businessman who has already reached a senior position in a sizeable company and had some general management experience. No specific formal qualification is required but a suitable man would be expected to have a recognized qualification at degree or equivalent level. Relevant experience in industrial as distinct from consumer products is essential. The likely age range is 35-45.

The head office of the division is in the Greater London area.

Please reply giving full details of career to date, in strictest confidence, quoting reference C/47/1 to:

D. S. Burns,
DAVID SHEPPARD & PARTNERS LTD.
2/4 King Street, London, SW1Y 6QL.
Tel. 01-930 8786

FAIRVIEW

FINANCIAL CONTROLLER

c. £6,000 plus car

We are a profitable vigorous building group requiring a capable qualified accountant, probably under 40, to perform a vital management role.

He will be responsible to the Financial Director for the correct recording of profits and losses of the building operation but, primarily, he will have the personal impact to ensure that building managers achieve performance at the lowest possible level of cost. He should have suitable industrial or commercial experience in a demanding environment.

Please write to the Financial Director,
FAIRVIEW ESTATES LIMITED,
50 Lancaster Road, Enfield, Middlesex.

Euro Currency Dealer

A Euro Currency Dealer is wanted by a Paris based bank with Middle East connections and an associate of a leading international bank. Five years minimum experience in euro-currency markets, English and French essential, Arabic an advantage, attractive salary arrangement, age level 25-30.

Applications to Box No. 194,
Streets Financial Limited, 62 Wilson Street,
Finsbury Square, London EC2A 2BU.

UNIVERSITY APPOINTMENTS

THE NEW UNIVERSITY OF ULSTER

VICE-CHANCELLOR

The University has been advised by its Vice-Chancellor, Dr. Norman Alan Burges, that it is his intention to retire at the end of September 1976.

A Joint Committee of the Council and the Senate has been established under the Chairmanship of the Pro-Chancellor, Chairman of the Council, Mr. R. S. McCulloch, to recommend the appointment of a successor. The Joint Committee will be pleased to hear of or from those who might wish to be considered for this office whether by personal letter or by nomination from others.

All communications should be marked personal and confidential.

W. T. EWING
Registrar and Secretary
to the Joint Committee
Coleraine, N. Ireland.

EDUCATIONAL

ROSEHILL INTERNATIONAL SCHOOL
CH-9000 St. Gallen, Switzerland
Founded in 1889

An old and very well established co-educational boarding school offering a selective education to students from 1st-13th grades. In the English-speaking Section, students are prepared for British, American and Canadian Universities for which examinations and test it is a centre and they have individual counselling to advise them in their studies and careers. Also available are Courses in Business and Commerce. Highly qualified staff, teacher/student ratio 1:6. Unique facilities for summer and winter sports and regular excursions throughout the year. July-August: Holiday language courses.

Prospectus from the Director of Admissions.

PERSONAL

MARK COX TENNIS CLUB
Founder memberships invited for new Tennis Club opening this summer at luxurious Silvermere Leisure Centre Cobham, Surrey. Facilities include squash, sauna, swim pool, bars, restaurants, beauty salon, pro shops, etc.
Phone 01-878 1119 or 01-940 4385.

SQUASH CLUB
Founder Memberships invited for new lakeside club opening this summer at luxurious Silvermere Leisure Centre, Cobham, Surrey. Facilities include tennis, sauna, swim pool, bars, restaurants, beauty salon, pro shops, etc.
phone 01-878 1119 or 01-940 4385

PERSONAL

GROSVENOR STREET, W.1
Fully furnished offices available in a most attractive building near Claridges, Bond Street, etc. For individuals with good references, most competitive rates available from £8.20 per sq. ft. per annum inclusive of rates, heat and light, telephones, telex, daily cleaning and reception service, etc.
Telephone 01-734 8687/8 or 935 7950

REGENT STREET, W.1
Self contained fully furnished suite of offices available in investment company's prestige luxury complex comprising reception area and 3-4 offices, total of 400 sq. ft. For individuals with good references, price inclusive of rates, heating and lighting, telephone, telex daily cleaning and reception service. £4720 per annum. Telephone 01-734 8687/8 or 935 7950.

ADVANTAGEOUS financially, sartorially and company imagewise is how businessmen regard a group subscription to University Tailors the collect and deliver valet service you join like a club. Phone 01-735 3456 for details.

JOIN SQUASHMANS CLUB for £5.50 p.a. 120 clubs, accident insurance and other discounts. Tel. 0702 712156 any time.

BOOKS

Current works on wild life and the environment

In love with nature

BY C. P. SNOW

Queen Wolf by Robert Franklin Leslie. Macmillan. £2.95. 190 pages

Pilgrim at Tinker Creek by Annie Dillard. Cape. £3.95. 270 pages

Portrait of Nature by Alan Cottrell. Collins. £2.50. 236 pages

These three books are three different approaches to the natural world. They had better be dealt with in inverse order of tolerableness. *Queen Wolf* is quite intolerable. *Pilgrim at Tinker Creek* is barely tolerable, though it has just been awarded a Pulitzer Prize. *Portrait of Nature* is more than tolerable, a work of great value (though, not to raise false expectations, it isn't written by a naturalist and isn't devoted to animal existence).

Queen Wolf is an account, composed by an American ecologist-journalist, of the unusual experience of a Canadian Indian. This young man, somewhere in the north of British Columbia, heard of and then encountered a very large she-wolf. This spectacular wolf was the leader of her pack, and the Indian came to adore her and become one of her subjects. The book's subtitle is "The True Story of a Friendship Between Man and Wolf." Well, it is possible to accept that the wolf was a most impressive animal. It is possible to accept that now and then she prowled round the Indian's tent, and even licked his face. For the rest, if you are given to romantic anthropomorphism, you had better make up your own mind. I found myself believing about one word in ten. I also found myself wondering why Canada, of all places, one of the sanest societies on earth, tends to throw up these animal fantasies, such as the well-known story of three devoted creatures of different species supporting each other on a 1,000-mile trek.

Miss Dillard's *Pilgrim at Tinker Creek* is, without any doubt at all, factually true, and perhaps endearing to those who enjoy self-absorbed communion with Nature. Miss Dillard lives in the Roanoke valley in Virginia, which is fairly deep country, and she is a good observer. She watches the fauna, flora, and meteorological phenomena in her neighbourhood with ecstatic attention. There seem to be other people's houses within walking distance, but she tells us nothing about them, nor about her own. This reticence, in a book which about her own sensations is very far from reticent, adds to the over-refined, would-be mystical ambience of the whole.

The model for this kind of writing is presumably Thoreau's *Walden*. Thoreau was a beautiful writer and said some memorable things. He was also a bit of a chump. It is rather a shock, when one first explores the countryside round Concord, to discover that Walden Pond, that refuge in the wilderness, is about two miles from the centre of the town: as though someone from Clapham Junction, desiring to throw off the unspeakable horrors of technological civilisation, had decided to build himself a shack on Wandsworth Common.

Miss Dillard has some of Thoreau's virtues and most of his faults. In an interesting introduction to the book, Richard Adams reminds us of something which Aldous Huxley analysed long ago—the difference between the English conception of nature and the conception in countries which haven't been domesticated and man-made for so many hundred years. Nature isn't smiling and benign, for instance, in a great many parts of South America: even in Miss Dillard's region, it is appreciably wilder than in Gilbert White's England. This makes a difference: and it gives occasional stiffening to Miss Dillard's writing, which it can badly do with.

Her chief defect, as with Thoreau, is that she is so lovingly wrapped up in herself. We have learned, through modern scientific epistemology, that the observer is inextricably linked with what he observes. Our minds have so evolved that they impose their own shape on the external world, which may make complete understanding of the deepest problems for ever unattainable. But this means that the observer has to understand himself, and become as self-effacing as the human state allows if he is going to get anywhere near the truth.

The opposite of self-effacingness often sounds poetic, that is, as the expression of a personality absorbed in its own reactions. It does so with Miss Dillard. If anyone wishes to know what the genuine poetry of the natural world is like, he ought to read Sir Alan Cottrell's short book: Its subtitle is "The World as Seen in Modern Science." It is exactly that. There is not a better book of its kind.

Sir Alan is an eminent professional scientist, and a most lucid and modest expositor. Here is the poetry of the cosmos, without a "poetical" word, in Miss Dillard's sense, and scarcely a rhetorical phrase. Any intelligent person who is prepared to take a little trouble and stop when he doesn't quite understand, can comprehend Sir Alan's description from beginning to end. Relativity (which, in principle, isn't all that difficult), quantum theory, molecular biology, they are all there. There is a very old and high tradition of English scientific exposition, and this ranks with the best. It would be a perfect book for A level students of arts subjects and the good minds (particularly those with a feeling for the English language at its least pretentious) would love it.

In short

Tigerland by Kailash Sankhala. Collins. £3.50 illustrated

Mr. Sankhala, a photographer and naturalist, and Indira Gandhi who contributes a foreword to his book, are both concerned at the diminishing number of tigers throughout the world. In 1973 the World Wild Life Fund launched Project Tiger to protect the species. This album of more than 100 photographs of tigers and other wild life in their natural habitat in India underlines the urgency of the project, moreover it serves to humanise some savage predators.

Rodents: their lives and their habits by Peter W. Hanney. David and Charles. £5.50. 224 pages

A comprehensive survey of an often maligned set of creatures. Rodents include approximately 1,650 species among which are squirrels, beavers, porcupines, hamsters, lemmings, marmots, coypus, gerbils. Mr Hanney deals with their struggles for survival and their social life.

Doctor in the Zoo by Bruce Buchenholz. David and Charles. £3.95. 192 pages

Dr. Buchenholz, a psychiatrist, spent two years at the Bronx Zoo taking the pictures in this book. He worked in close conjunction with Dr. Emil Dolensk to make a book "about the relationship between man and animals and the inherent emotional factors." The result is some useful insights into the working of a well run zoo.

Pleasing Pets by Paul Drabble. William Luscombe. £3.95. 230 pages

Snakes, alligators, water-spiders, pigeons are among the pets offered by Mr. Drabble, but he believes firmly that it is as important to please the pet you choose with decent conditions as it is for you to be pleased and enjoy pride of ownership. He ranges widely and gives good advice about many different varieties of birdlife, aquaria, vivaria, and related matters.

The Beach by Leslie Jackman. Evans. £3.75

Mr. Jackman is schools museum officer for Devon. He spent a whole year noting and recording the wild-life on a deserted beach. Much of interest to the young naturalist occurred. The author presents his findings attractively, with many practical hints and pictures.

The World's Weather and Climates edited by Roger Sears with a foreword by Patrick Moore. Orbis. £2.50

This volume is part of The World of Nature Series, a popular distillation of scientific truths. Other volumes cover Minerals, The Sea-bed, Birds, Horses, Reptiles, Amphibians and Mushrooms. All are well got up with striking illustrations and an informative text.

Wild Flowers by H. D. House. Collier Macmillan. £5.00

A revised edition of a work first published in 1934. It covers the wild flowers growing throughout the eastern seaboard of the United States and has been acclaimed as the standard work on the subject: 366 flowers are discussed in more than 200 colour plates. A beautiful job.

The Good Earth edited by Les Line. Macmillan. £9.50

Mr. Line is editor of Audubon, a natural history magazine. This lavishly produced volume is compiled from its pages. Some of the pictures of natural forms are quite stunning.

Kim, a female badger at ease on an armchair, from the book reviewed below

Bristling with charm

BY ROBIN LANE FOX

A Lifetime of Badgers by Peter Hardy. David and Charles. £3.50. 147 pages

Why are we more responsive to some animals than to others? How and why do we distinguish those which we will eat or tame from those which we will not? Those questions may not seem as challenging as the problem of what class we are, but they too are beginning to attract sociologists, anthropologists and some bold historians. Answers, of course, begin from the social system, and I would not be surprised if we were soon asked to believe that only the class society had made us eat meat in the first place.

I wonder where that will leave the badger. There is a thrill about a badger which does not seem to me to have any connection with social conditioning. Even those who dig it up and turn it into toothbrushes or shaving-brushes bear witness to its special appeal. There is also romance to it, and I am not sure that romance is socially explicable. Badgers are known to howl piercingly, though the sound is infrequently heard. Probably, as Peter Hardy suggests, they howl when lonely. Their black and white stripes are a fine sight by moonlight. Their road systems are older than the Romans'. They can be tamed, and they like to sleep in front of a warm fire. There are three Mr. Badgers in my local telephone directory, and it is interesting that two of them have named their house The Sett.

Peter Hardy is the MP who recently guided the Protection of Badgers Act through Parliament. His brief and handsomely printed essay has some pleasant detail and a cover which shows two badgers mating in summer. The badger usually weighs about two and a half stone. It is extremely short-sighted but its sense of smell is acute. Although Mr. Hardy does not accept the common view that it hibernates, he believes that it spends only a quarter of its time above ground. It can climb, and likes to eat fruit. Usually it is not a menace to farmers. It is assumed to do more good than harm. Unlike those who seriously maintain that the fox is a friendly fruit-eating animal which should not be hunted, the badger's defenders do seem to be spreading the truth.

A tame badger may show a different mettle. Mr. Hardy knows no badger which has wilfully picked a fight with a man, except for a tame badger which had been thoughtlessly treated in captivity. I am not sure whether tame badgers are otherwise as reasonable as he implies. Because they are such memorable animals, the reports of a commuting badger-keeper in the south-east have remained firmly in my imagination since I first heard them broadcast some years ago.

The relationship began happily, and badger and commuter lived in harmony for several years. The badger felt free to wander round the house and would make himself at home in the old chintz chairs. The man would wander round the badger reserve on the edge of the forest and cut bracken for his weekly bonfires. On weekdays the man would go to the City where shares were rising like champagne corks. The badger would pull his bedding out into the sun.

One autumn the badger became bothered and bearish. After three grumpy weeks he was let out into the wild. He returned soon enough, and seemed to have learnt that other worlds were not necessarily better than his own. But the man still went to the City where shares were now sinking like stones. In the afternoons the badger was seen to dig vigorously. On the most sombre evening, the man returned home and went out to the badgers for consolation. There was a snort and a scuffle and teeth were bared. The man ran, but had only reached his porch before the badger was at his heels, disproving the fact that badgers move ponderously. One malicious snap, and the badger had him by the Achilles tendon as he was trapped in the door. The badger has 38 teeth, of which "the canine are large and powerful, deep-rooted—typical of the carnivore."

What is the best method of sighting a badger? An evening approach, obviously, to a sett which you have scouted by daylight: Mr. Hardy tries to arrive fifteen minutes after sunset and gives a time-table for the badger's emergence by Greenwich Mean Time. 7.15 p.m. on a late April evening, 7.45 p.m. by now, is a promising moment. April is the season for cubs. You might be wise to take some sweets with you, as badgers like chocolate, and a Yorkshireman has lured them with a trail of Sugar Puffs. In summer they will nose about for wild honey, relying on a skin which is toughened against bee-stings. Mr. Hardy's estimates suggest 12,000 setts in the U.K. He may not be right. Setts are ten or more times commoner in deciduous woods than in coniferous ones, a taste which I would share with them.

"During 1973 I was able to watch badgers only rarely. My spare time was then particularly restricted because of the extra time taken by my Parliamentary activity connected with the Badgers Act." It takes all sorts to make a Parliament. On one point, though, I would challenge Mr. Hardy. The thick bone structure from a badger's neck to skull is not unique. It is even more massive in a walrus. Maybe you do not fancy the thought of badger ham, still offered on British menus in 1973, but I can assure you that it is as nothing to the taste of walrus rissoles.

Dialogue with dolphins

BY DAVID FISHLOCK

Nature/Science Annual 1975 by the Editors of Time-Life. Time Life Books. £3.95. 192 pages

In the 1950s a neurophysiologist called Dr. John Lilly got the idea that dolphins with their big brains might have an intelligence comparable with human beings. He set out to learn how to talk to a dolphin. Sadly, his painstaking experiments, and others to follow, were unsuccessful, as is the way of most scientific experiments. Dolphins, for all their loquaciousness, have very little to say. According to one authority, the whistles, barks and burps of a dolphin are just variations on two basic themes: "come close" and "go away." But this was not the outcome the animal-loving public had come to expect. The delphinologists found themselves "challenged by captive audiences and reviled in letters" it is recorded. As for the scientists, they were "disturbed by this reaction but somewhat resigned to it."

This story perhaps helps to explain why a book purporting to be a review of events in nature and science in 1974 is so devoted to fauna. Three decades of increasingly expensive addiction to scientific research has still not succeeded in convincing people that scientists can only discover what already exists to be discovered. Scientists can go only so far in directing their discoveries and syntheses to fulfil the expectations of their paymasters. Where the line has to be drawn, however, calls for more sophisticated as well as sympathetic understanding than people often display. To some extent here the publishers are playing into the hands of public prejudice by offering "science" so dominated by the natural sciences.

A wealth of wild life appears in these pages, interspersed with such events in the physical sciences as the ending of the richly productive Skylab experiments in space science and the disclosure by U.S. chemists that Yale's famous Vinland Map was a fake. So we find a dozen pages devoted to the coyote, a predator with prodigious powers of survival and adaptation, a "brand new" race of which has succeeded in establishing itself in New England. In passing we learn how ecologists have used aversion therapy on the Western precursor of the new, larger and darker Eastern animal, in the hope of offering farmers an alternative to slaughter. They fed coyotes lamb spiked with an emetic, lithium chloride, in the hope of inculcating a permanent distaste for a meat that made them violently sick.

Another essay takes its cue from a White Paper published last year by the U.S. Bureau of Sport Fisheries and Wildlife, calling for a ban on imports of foreign wild-life except "low risk" species and those required for science, education or medicine. It was prompted by growing realisation of the damage that exotic species can do when grafted on to an alien environment.

Birds that were harmless in captivity for instance "become serious, often destructive, pests as they take over the nesting sites of native birds and compete with them for food." One of half-a-dozen examples now being "nervously watched" by ecologists is the monk parakeet imported into Florida from South America and now found as far north as New York.

Once again the publishers have spared no expense on design, and unearthed photographs that deserve our applause. They back it with text that is simple, concise but never condescending and end with a brisk review of "events, discoveries and developments" last year that goes far to redress any imbalances in choice of the book's seven main essays.

Megadeath

BY KEVIN RAFFERTY

Mankind at the turning point: the second report to the Club of Rome by Mihajlo Mesarovic and Eduard Pestel. Hutchinson. £3.95 cased, £1.95 paper. 210 pages

For years Man strove against Nature and seemed to be winning, at least hardworking Western man did. His confident, rational science cleared a way through or round many of the tedious chores of living. By the mid-1960s man and his science were exploring and conquering farflung fields: the world to-day, the moon to-morrow, the universe, the stars and beyond, who knows, perhaps next week. Human sciences like economics made more dismal but slow sure progress. Food, a home and a job were in sight within the reach of all. Yet to-day in days of stumpflation and worse, nothing seems so bravely certain. The lesson of it all, largely ignored, is that Man has not learned to live with himself.

The dimensions of Man's problem came out clearly in *Mankind at the turning point*. We have only seen the start of the strains. More than 400m. people in the world are already and permanently on the verge of death from starvation. Millions more know only a life that plunges from one crisis to the next. With the vast increases in the world's population more and more people will pass through a twilight zone of birth, existence (life is too grand a word) to death. Megadeath is not far distant.

What does it matter to you or me? All that is happening far, far away. My standard of living is still high and can tolerate strikes and all kinds of sundry industrial inefficiency. Unless some reordering is done, the winners of the competition for scarce energy and food resources will be the countries which are economically or militarily the strongest, and there does not seem much hope that a flabby Britain will have much energy to spare for any big victories in those fights.

But so far this book has had little impact. If you put its arguments to politicians or men in public life you will likely be accused of wanting to change the world overnight — the convenience of those in power must at all times be respected. Yet the lesson of the multi-level computer analyses of the authors is precisely that the world cannot be changed overnight but that if the changes are not initiated now they will be harder than ever to make. The choice was neatly summed up by a newspaper headline — "Hang together or hang separately."

All over

BY JAMES ENSOR

So Small a World by Guy Mountfort. Hutchinson. £3.95. 205 pages

There are not many parts of the world which have not been made accessible to the package tourist, staying at the Hilton and travelling by Jumbo Jet and air-conditioned coach. This book is about some of them. Guy Mountfort as a naturalist and an adviser to Governments on policy for natural parks has inevitably been drawn, during a travelling career spanning 45 years, to some of the world's more remote corners. He is a man of the jungle, the desert, the high veld and the unreconnoitred island.

His tale ranges widely, and at times breathlessly, from Gilgit on the borders of Pakistan and China to Uganda's Murchison Falls and the archipelago off the Malayan and Indonesian coasts. The common thread is a concern for the often imperilled wildlife of these distant, but nevertheless threatened parts.

Guy Mountfort believes passionately in the protection of endangered species. He helped to found the World Wildlife Fund, and has fought a crusade on behalf of the tiger, whose numbers have been seriously reduced due to indiscriminate hunting on the Indian sub-continent.

He documents man's threat to wild animals, which ranges from the trappings of song-birds in Cyprus and Italy to the poaching of the rare Indian rhino and the starvation of Asiatic lions as the extension of grazing land reduces the number of wild deer on which they feed. In the course of a fairly short book, the author also describes the toll of North American Indians, and the bison on which some of them used to live, the reduction through contamination with European diseases of the Indians of South America, and the present threat to many of the Micronesian and Polynesian peoples.

He also touches on the problems faced by naturalists in countries where binoculars and a camera are regarded as the tools of the spy and has a minor excursion on the ecological devastation produced by dams and large civil engineering projects.

To cover such a wide compass in so short a space is no mean task, and it is to the author's credit that his tale is always interesting and that the reader is not entirely confused by his rapid switching from continent to continent and topic to topic. Nevertheless, the treatment of many of the ideas in the book is inevitably superficial, and one sometimes feels that the author is himself acting rather like the tourists, swarming from site to site, whom he so frequently castigates.

"The millions of bison on which they (the North American Indians) depended for food and winter clothing were deliberately exterminated in the Great Plains in order that the White Man could travel without fear of attack by Indians," he maintains. But this is scarcely an adequate description for such a sorry tale as the centuries-long conflict between the white and red-men of North America. It might have been better to have left it out if there was not space to give a more detailed treatment. The book could, I feel, have been even better if the author had directed his interest to one or two major subjects instead of wandering across most of the globe and covering so many separate campaigns.

On the beam

BY ANTHONY CURTIS

Lighthouse by Tony Parker. Hutchinson. £4.25. 288 pages

"How would you like to be shut up for a whole month at a time, and possibly more in stormy weather, upon a rock the size of a tennis lawn . . . and to have no letter or newspapers . . . if you were married, not to see your wife, not to know how your children were . . . to see the same dreary waves breaking week after week, and then a dreadful storm coming, and the windows covered with spray, and birds dashed against the lamp, and the whole place rocking, and not be able to put your nose out of doors for fear of being swept into the sea? How would you like that?"

These questions were put by Mrs. Ramsay in *To The Lighthouse*. You may remember: we have had to wait until now for Tony Parker and his tape-recorder to find a convincing set of answers to them. Yes, they do like it very much, the majority of keepers: they enjoy the cut-off camaraderie, the splendid isolation, the monotonous regularity of work-shifts and leisure, often has an attraction which makes them dread the moment when they may be posted back to a land light.

The Parker technique of letting a wide range of people within a closed community talk uninhibitedly into the mike and intruding only the briefest comment and description has produced a book full of fascinating revelations. It is pervaded by the dominant presence of the sea as eloquent as any of the principal keepers, assistants, apprentices, wives and children whom he interviewed. The peculiar pattern of two months on the light and one month at home on shore (provided the weather is clement enough for the relief boat to set out) heightens in a most acute form that double life between work and family which most people lead. The contrast may cause the man in the small hours of the middle watch, sipping his tea made with powdered milk, to question the reality of both just as agonisingly as Mrs. Ramsay. Here is a book that tells us a great deal about elements in the environment and even more about ourselves.

Siberia now

Siberia Today and Tomorrow by Violet Conolly. Collins £4.95. 248 pages

It's time some sense was made of Siberia; and not just because many people still think of it as an icy wilderness for wolves and exiles. The other picture, fostered by the Soviet Press and frequently over-enthusiastic western reports, of Siberia as the answer to all our energy and raw material problems is just as misleading.

As a long cool look, this account by one of our authorities on the region is timely and highly readable. Dr. Conolly assesses Siberia's immense potential, but points out the equally immense problems that the Russians face in opening it up: climate (with temperatures down to −70deg.C.) distance, attracting workers after forced labour was abolished, and the appalling blunders that remote control from Moscow can lead to.

But Dr. Conolly also gets across the excitement of Siberia. There's the new railway crossing thousands of miles of virgin territory, the case of the female geologist who tracked down the Soviet Union's first diamond mine in the middle of nowhere, giant dams going up in remote and fearsome regions, the discovery of rich oilfields below the Tyumen bogs.

We shall be hearing a lot about Siberia. This is a good place to start.

DAVID LASCELLES

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 10% (Since May 2, 1975)

Day-to-day credit was uncertain, but in the event short supply in the London Money market yesterday, and the authorities gave large amount of assistance, by buying Treasury and local authority bills from the Discount houses. It seemed, on the basis of identifiable factors, that the help given was broadly in line with the underlying need. Banks had carried over a shortage from the previous day, the market faced a net take-up of Treasury bills, there was a rise in the note circulation, the authorities held maturing bank and local authority bills, and gilt-edged settlements were against the market's favour, but Government disbursements were greater than revenue transfers to the Exchequer.

Discount houses bid rates fluctuating from 8½ per cent. to 10 per cent. for secured call loans. In the inter-bank market overnight loans ranged from 9¼ per cent. to 20 per cent.

The one-month sterling certificate yield ended at 9½-9¾ per cent., against Tuesday's 9⅞-9¼ per cent., the three-month at 10$\frac{1}{16}$-10$\frac{1}{16}$ per cent., against 10½-10 per cent., and the one-year at the previous 11½-11⅜ per cent.

Rates in the table below are nominal in some cases.

May 21 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	9¼-20	—	—	—	9½	8½-10	—	—	—
2 days notice	—	—	9-9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	9⅛-9⅜	9⅛-9½	—	—	—	8½-9	—	—	—
One month	9½-9⅝	9⅜-9⅝	9⅜-9⅝	10⅛-9⅝	10½	—	9-9⅜	9⅞-9⅜	9½-9⅞	10¾-12
Two months	9⅞-9¾	9¾-10	—	10½-9⅞	11	—	9¼	9$\frac{11}{16}$-9$\frac{13}{16}$	9⅞-10	10⅞-12
Three months	10$\frac{1}{16}$-10$\frac{1}{16}$	10$\frac{1}{16}$-10$\frac{5}{16}$	10-10¼	10⅜-9⅝	11⅛	—	9⅜-9½	9½-9$\frac{9}{16}$	10	11-12
Six months	10$\frac{7}{16}$-10$\frac{5}{16}$	10$\frac{7}{16}$-10⅝	10½-10⅝	11-10¼	—	—	—	—	10¾-11	11-12
Nine months	11⅛-10$\frac{15}{16}$	10$\frac{15}{16}$-11⅛	—	11¾-11¼	—	—	—	—	—	—
One year	11½-11⅜	11⅜-11½	12$\frac{1}{16}$-12½	12¼-11¾	—	—	—	—	—	—
Two years	—	—	12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice: others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¼-13⅜ per cent.; four years 14¼-14½ per cent.; five years 14¾-14⅞ per cent. ф Bank bill rate in table is buying rate for prime paper. Buying rate for four-month bank bills 10½-10⅝ per cent.; and four-month trade bills 11-12 per cent. Approximate selling rate for one-month Treasury bills 9$\frac{23}{32}$-9¾ per cent.; two-month 9$\frac{25}{32}$-9$\frac{13}{16}$ per cent.; three-month 9¾-9$\frac{7}{16}$ per cent. Approximate selling rate for one-month bank bills 9¾-9⅞ per cent.; for two-month 9⅞-9⅞ per cent.; and three month 9⅞-9⅞ per cent.; for one-month trade bills 10-10½ per cent; two-month 10-11 per cent.; and three-month 10-11 per cent.
Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Bank Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4747 per cent.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10 %
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposit 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾%, and over £25,000 7½%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

I.G. INDEX
GOLD 169½-172½

CORAL INDEX
Close 348-353

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	17	274	− 1	278	118
Bats	25p	13	323	− 3	337	164
Distillers	50p	13	141	− 2	145½	63½
Marks & Spencer	25p	12	237	− 4	256	93
Silvermines	2½p	12	66	+ 4	70	27
Boots	25p	10	265	− 5	270	91
BP	£1	10	457	− 1	485	180
Cadbury Sch. New	Nil pd.	10	10*	− 1½	12*	5*
EMI	50p	10	188	− 5	196	82
Shell Transport	25p	10	333	− 3	341	118
Allied Brews.	25p	9	71	+ 2	71	35½
Barclays Bank	£1	9	288	− 7	300	112
Beecham	25p	9	296	+ 1	301	116
Lloyds Bank	£1	8	230	− 7	245	94
RTZ	25p	8	202	− 6	211	80

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (c).
* Premium.

NEW "HIGHS" AND "LOWS" FOR 1975

Too numerous to name individually the 172 new 1975 "highs" recorded among securities listed in the Share Information Service yesterday are given below in their subsections. There was 1 new "low."

NEW HIGHS (172)

COMMONWEALTH & AFRICAN LOANS (3)
AMERICANS (1)
CANADIANS (2)
BANKS (5)
BEERS (2)
BUILDINGS (3)
CHEMICALS (3)
CINEMAS (1)
DRAPERY & STORES (2)
ELECTRICALS (1)
ENGINEERING (15)
FOODS (2)
INDUSTRIALS (40)
INSURANCE (2)
MOTORS (4)
PAPER & PRINTING (2)
PROPERTY (3)
SOUTH AFRICANS (4)
TEXTILES (1)
TOBACCOS (2)
TRUSTS (41)
RUBBERS (2)
MINES (31)

NEW LOWS (1)

INDUSTRIALS (1)
Dover Eng.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	14	—	39
Corpns. Dominion and Foreign Bonds	18	1	52
Industrials	327	368	1,852
Financial and Prop.	102	164	352
Oils	2	5	15
Plantations	18	8	34
Mines	88	13	54
Recent Issues	11	13	29
Totals	575	571	1,426

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv (20p)	12	......	Gardiner Sons	11	......	Shelf.Refrshmt	150	−5
Ash Spinning	37	......	Gardner (L.)	60	......	Shiloh Spinn.	25	......
Bertam	18	−1	Graig Ship (£1)	460	......	Sindall (Wm.)	45	......
Brady (G.) "A"	55	......	Hallam Sl.(10p)	9	......	Vincent (H.)	85	−2½
Br'wtrEst. (50p)	140	......	Higsons Brew	85	......	IRISH		
Clover Croft	35	−5	Holt Joseph 25p	175	......	Alliance Gas (£1)	55	......
Craig & Rose £1	315	......	IOM Steam £1	110	......	Carroll (P.J.)	115	......
Dundee Crm £1	180	......	Kleen-E-Ze	29	......	Clondalkin	60	......
Dundee Ice £1	295	−5	Lovell's Ship £1	150	......	Concrete Prods.	70	......
Dyson (R. A.)	29	......	NthnGoldsm'th	70	......	Goodbody (£1)	38	−1
Ellis & McHdy	57	......	PMA	55	+1	Helton (Hldgs)	33	+1½
Evans Frdk 10p	51	......	Pearce C.H.	60	+2	Irish Distillers	71	......
Evered	12	......	Peel Mills	18	+1	Irish Wire Bd.	40	......
Fife Forge	46	......	Richards (10p)	10	......	Jacob	80xd	......
Finlay Pkg (5p)	16	......	Robb Cal. (5p)	56	......	Sunbeam	15	......
Frt & Reed (50p)	91xd	−3	Sayers Con 12½p	9	......	Unidare	70	+9

INSURANCE BASE RATES

† Atlantic Assurance 11½%
Cannon Assurance ...... 9 %
† Address shown under Insurance and Property Bond table.

INSURANCE, PROPERTY, BONDS

Yield %

Abbey Life Assurance Co. Ltd.
1-3, St. Paul's Churchyard, E.C.4. 248 9111
Abbey Eq. May 20 | 28.5 | 30.3 | ...... | —
do. Acc Unit May 20 | 22.1 | 23.3 | ...... | —
do. Pr. May 6 | 102.7 | 109.1 | ...... | —
do. Acc. Unit May 6 | 97.2 | 103.2 | ...... | —
do. Pen. Unit May 6 | 103.3 | 109.8 | ...... | —
Selective In. May 20 | 59.5 | 63.2 | ...... | —
do. Pen Unit May 20 | 53.5 | 56.9 | ...... | —
♥Conv Unit May 20 | 104.7 | 110.5 | ...... | —
♥Money Fd. Unit | 99.1 | 104.4 | ...... | —
Pension Sec. Bond | 100.3 | 105.6 | ...... | —
Pension Man. Bond | 106.1 | 111.7 | ...... | —

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962
♥G't'd. Mon. Fd. | 95.4 | 100.4 | ...... | —
♥Do. Accum. | 96.1 | 101.0 | ...... | —
♥Equity Fund | 122.6 | 129.0 | ...... | —
♥Do. Accum. | 123.8 | 130.3 | ...... | —
♥Property Fund | 96.2 | 101.2 | ...... | —
♥Do. Accum. | 96.9 | 102.0 | ...... | —
♥Fixed Int. Fund | 96.0 | 101.1 | ...... | —
♥Do. Accum. | 96.7 | 101.8 | ...... | —
♥M'ple Inv. Fund | 113.3 | 119.3 | ...... | —
♥Do. Accum. | 114.5 | 120.5 | ...... | —
G't'd Mons. Pens. | 96.1 | 101.0 | ...... | —
Do. Accum. | 96.6 | 101.8 | ...... | —
Prop. Pen. Fund | 97.0 | 102.1 | ...... | —
Do. Accum. | 97.8 | 103.0 | ...... | —
Fixed Int. Pen. | 96.7 | 101.8 | ...... | —
Do. Accum. | 97.5 | 102.6 | ...... | —
M'ple Inv. Pens. | 118.6 | 124.8 | ...... | —
Do. Accum. | 119.6 | 125.8 | ...... | —

AMEV Life Assurance Ltd.
3 Pavilion Bldgs., Brighton. 0273 21817
♥Triad Managed Bd | 105.1 | 111.2 | ...... | —

Atlantic Assurance Co. Ltd.
Atlantic Hse., Billingshurst. B'hurst 3481
♥All W'ther Ac Uts | 108.5 | 114.2 | ...... | —
♥All Wther Cap | 107.0 | 112.6 | ...... | —
♥Inv'stm't Fd. Uts | 110.0 | | ...... | —
Pension Fd. Unts. | 97.0 | | ...... | —

Barclays Life Ass. Co. Ltd.
252, Romford Rd., E.7. 01-534 5544
Barclaybonds | 84.0 | 88.5 | +1.7 | —
Current unit value May 21.
* Corrected change.

Brandts Ltd.
36, Fenchurch St., E.C.3. 01-626 6599
Brandts Exempt. | 81.0 | 85.4 | ...... | 9.07

Canada Life Assurance Company
6, Charles II Street, S.W.1. 01-930 6122
Growth Fd. May 1 | 43.4 | | ...... | —
Retir'mt Fd. May 6 | 96.6 | | ...... | —

Cannon Assurance Ltd.
1 Olympic Wy Wmbly HA9 0NB. 01-902 8876
♥Equity Unit | 211.69 | | +0.28 | —
* Property Unit | 730 | | ...... | —
♥Exec. Bond Unit | 954 | | −4 | —
♥Exec. Eq'ty Unit | 805 | | +14 | —
Exec. Prop. Unit | 967 | | ...... | —
Current unit value May 20.
♥Balanced Bond | 954 | £10.10 | +0.05 | —
♥Equity Bond | 805 | 852 | +15 | —
♥Property Bond | 967 | £10.25 | ...... | —

Capital Life Assurance
Coniston Hse., Chapelash W'ton. 0902 28511
♥Key Inv. May 14 | 0.8142 | | ...... | —

Chartrhse. Japhet Life Ass. Co. Ltd.
1, Paternoster Row, E.C.4. 01-248 3999
♥Energy Bonds | 26.6 | 28.0 | ...... | —
♥Money Bonds | 25.0 | 26.4 | ...... | —
♥Managed Bonds | 36.8 | 38.8 | ...... | —
♥Equity Bonds | 31.6 | 33.4 | ...... | —

The City of Wstminstr. Assur. Soc.
Ringstead House, 6, White Horse Rd., Croydon CR0 2JA. 684 9664
♥First Unit Mar 27 | 70.0 | 73.5 | ...... | —
♥Fourth Unit | 53.6 | | ...... | —
♥Pr'ty Uns. Apr. 30 | 44.5 | 46.8 | ...... | —

The City of Wstminstr. Ass. Co. Ltd.
Ringstead House, 6, White Horse Rd., Croydon CR0 2JA. 684 9664
♥Wst'm Uns Apr 30 | 40.4 | 42.4 | ...... | —
♥Landbank Mar 27 | 57.2 | | ...... | —
♥Speculator Mar 27 | 33.1 | | ...... | —
Prop. Aud'r Dec 31 | 132.0 | 134.6 | ...... | —
♥Investor Opt. Bd. | 102.4 | 107.7 | ...... | —
Equity Fund | 37.4 | 39.3 | ...... | —

Second Managed Fund
♥Perfmce Apr. 30 | 118.1 | | ...... | —
♥Balance Apr. 30 | 117.6 | 124.0 | ...... | —
♥Guranteed Apr. 30 | 100.0 | | ...... | —

Commercial Union Group
St. Helen's, 1 Undershaft, E.C.3. 01-283 7500
Variable An Acc Ut | 31.75 | | ...... | —
Do. Annuity Uts. | 12.30 | | ...... | —

Confederation Life Insurance Co.
120 Regent Street, W1R 6AY. 01-437 9040
♥Equity Fund | 88.9 | 93.6 | ...... | —
♥Managed Fund | 116.9 | 123.1 | ...... | —
Personal Pen. Fnd | 43.5 | 45.8 | ...... | —
Equity Pen. Fund | 132.8 | | ...... | —
Fixed Int. Pen. Fd | 118.6 | | ...... | —
Managed Pen. Fd. | 117.3 | | ...... | —
Property Pen. Fd. | 100.0 | | ...... | —
♥Protected Inv Pol | 843.27 | | ...... | —

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410
♥Capital May 15 | 105.5 | | ...... | —
♥GS Special May 15 | 40.0 | | ...... | —
♥Mnth Bd Apr. 20 | 113.5 | 119.5 | ...... | —

Crescent Life Ass. Co. Ltd.
Braywick Hse, Mdnhd, Berks. Mdnhd 34635
Cres Pln'd Inv. Fd. | 60.5 | 65.0 | ...... | —

Crusader Insurance Co. Ltd.
Bowring Bldgs., Tower Pl., EC3. 01-626 8031
Gr'th Prop. May 6 | 50.9 | 56.5xb | ...... | —

Eagle Star Insce./Midland Assce.
1, Threadneedle St., E.C.2. 01-588 1212
Eagle/Midl. Units | 55.6 | 58.8 | −0.5 | 7.10

General Portfolio Life Ins. Co. Ltd.
60 Bartholomew Cl., Waltham X. WX 31971
♥Portfolio Fund | 108.46 | | ...... | —

Growth & Sec. Life Ass. Soc. Ltd.
United House, W.11. 01-229 8166
♥Flexible Fortune | 100.0p | | ...... | —
♥Landbank Secs. | 54.94 | | ...... | —
♥Landbank S'es A | 97.4 | 100.0 | ...... | —
♥G&S Super Fund | 719.68 | | ...... | —

Guardian R.E.
Royal Exchange, E.C.3. 01-283 7107
♥Property Bonds | 126.6 | 131.8 | ...... | —
Pen. Man. Fd. Uts. | 97.4 | 102.5 | ...... | —

Hambro Life Assurance Limited
7, Old Park Lane, London, W.1. 499 0031
Fixed Int. Fund | 105.7 | 111.4 | ...... | —
♥Hambros Equity | 114.2 | 120.5 | ...... | —
♥Property | 116.2 | 122.4 | ...... | —
♥Managed Cap. | 102.2 | 107.6 | ...... | —
♥Managed Acc. | 115.1 | 121.2 | ...... | —
♥Pen Prop. Cap. | 130.7 | 137.6 | ...... | —
♥Pen Prop. Acc. | 181.1 | 189.1 | ...... | —
♥Pen. Man. Cap. | 134.5 | 141.6 | ...... | —
♥Pen. Man. Acc. | 155.4 | 163.6 | ...... | —
Pen. F.I. Cap. | 106.8 | 112.6 | ...... | —
Pen. F.I. Acc. | 111.9 | 117.8 | ...... | —
Pen. B.S. Cap. | 99.1 | 104.4 | ...... | —
Pen. B.S. Acc. | 101.1 | 106.6 | ...... | —

Harvest Assurance Group
49, Church St., Maidstone, Kent. 0622 59861
♥Annuity Units | 123.4 | | ...... | —
♥Managed Funds | 46.30 | 48.70 | ...... | —

Hearts of Oak Benefit Society
Euston Road, London, N.W.1. 01-387 5020
Hearts of Oak | 29.0 | 30.8 | ...... | ...

Hill Samuel Life Ass. Ltd.
NLA Twr., Addiscombe Rd., Croy. 686 4355
Hill Sam Prop Unit | 117.7 | 125.7 | ...... | —
♥Do. Man. Unit | 114.2 | 120.5 | +1.7 | —
Do. Money Fund | 101.5 | 106.8 | +0.1 | —

Imperial Life Ass. Co. of Canada
Imperial Life House, Guildford 71255
♥Gro'th Fd. My 16 | 47.6 | 51.8 | ...... | —
Pen. Fd. My 16 | 39.9 | 43.4 | ...... | —

The Individual Life Ins. Co. Ltd.
Individual Hse., 45, South St., Eastbourne BN21 4UT. Eastbourne 26711
♥Fixed Int. Units | 116.5 | 122.7 | ...... | —
♥Equity Units | 101.8 | 107.2 | ...... | —
♥Property Units | 104.0 | 109.5 | ...... | —
♥Managed Units | 113.7 | 119.7 | ...... | —
♥Money Funds | 100.2 | 105.5 | ...... | —
♥K & S Gilt Bond | 111.1 | 113.4 | ...... | —
Commodity | 101.6 | 107.0 | ...... | —
Growth | 100.7 | 106.1 | ...... | —
Capital | 104.7 | 110.3 | ...... | —
Income | 98.5 | 103.7 | ...... | —
International | 119.5 | 125.9 | ...... | —
Foreign Fixed Int | 105.6 | 112.4 | ...... | —
Foreign Equity | 101.5 | 107.8 | ...... | —

Investment Annuity Life Assur.
9, Devereux Court, W.C.2. 01-353 5597
♥Lion Equity Fd. | 87.5 | | ...... | —
♥Lion Eqity Fd Acc | 104.4 | | ...... | —
♥Lion Prop. Fund | 54.7 | | ...... | —
♥Lion High Yield | 56.3 | | ...... | —
♥Lion Equity Pen | 111.8 | | ...... | —
♥Lion Prop. Pen'n | 57.7 | | ...... | —
♥Lion High Yd Pen | 65.8 | | ...... | —
♥Lion Mg'dGthFd | 50.0 | 52.9 | ...... | —
♥Lion Mg'dCapFd | 43.7 | 46.2 | ...... | —

Irish Life Assurance Co. Ltd.
11, Finsbury Square, E.C.2. 01-628 8253
Blue Chip Fd My 15 | 54.6 | 57.5 | ...... | 4.20
Managed Fund | 128.2 | 135.0 | ...... | —
Prop Module May 1 | 135.7 | 142.8 | ...... | 5.41
Prop Mod. Growth | 135.7 | 142.8 | ...... | 5.26

King & Shaxson Ltd.
52, Cornhill, E.C.3. 01-623 5433
Bond Fund Exempt | £110.36 | | ...... | —
Next sub. day May 21.
K & S Gilt Bonds | 111.1 | 113.4 | ...... | —

Langham Life Assurance Co. Ltd.
Migdal Hse., Finsbury Sq., EC2. 01-628 8861
Midas Bonds | 48.8 | 51.4 | ...... | —
♥Property Bond | 101.2 | 106.5 | ...... | —
Prop'y Units (LIS) | 21.3 | 22.4 | ...... | —
WISP (SP) Man Fd | 53.4 | 56.2 | ...... | —

Life & Equity Assurance
1 Olympic Wy, Wembley, Mx. HA9 0NB. 01-902 8876
♥Sel. Inv. | 24.0 | 26.0 | +0.5 | —
♥Second Sel. | 19.5 | 21.0 | +0.5 | —
Secure Retirement | 28.0 | 30.0 | ...... | —
♥Gilt Fund | 24.5 | 26.0 | ...... | —
♥Equity Fund | 19.5 | 21.0 | +0.5 | —
Deposit Fund | 100.0 | 106.0 | ...... | —
Selective Anty Fd. | 66.0 | 70.0 | ...... | —

Life Assur. Co. of Pennsylvania
39-42, New Bond St., W1Y 0RQ. 01-493 8395
LACOP Units | 776 | 817 | ...... | —

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS. 01-623 6621

London Equity Assurance Ltd.

M. and G. Group

Magna Assurance Company Ltd.

Manulife

Merchant Investors Assurance

NEL Pensions Limited

New Zealand Insce. Co. (U.K.) Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Oaklife Assurance Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Assce. Co.

Property Growth Assur. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Royal Insurance Group

Save & Prosper Group

Safeguard Assurance Limited

Schroder Life Group

Scot. Widows' Fund & Life Ass. Soc.

Slater Walker Insurance Co. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

The Trident Life Assur. Co. Ltd.

Tyndall Group

Vanbrugh Life Assurance

Welfare Insurance Company Ltd.

Windsor Life Assce. Co. Ltd.

NOTES

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Wednesday, May 21, 1975							Tuesday May 20	Monday May 19	Friday May 16	Thurs. May 15	Year ago (approx.)	Highs and Lows Index			
		Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Index No.	Index No.	Index No.	Index No.	Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	127.55	−1.4	18.60	6.51	7.78	7.90	129.41	125.30	121.50	121.24	107.64	129.41 (20/5)	51.76 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	110.92	−1.2	19.91	7.08	7.66	7.66	112.28	108.64	105.81	107.38	108.78	117.40 (22/4)	45.11 (6/1)	233.84 (2/6/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	246.74	−1.6	16.72	3.85	8.81	8.81	250.84	240.96	234.05	233.29	178.27	251.61 (25/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	223.36	−2.7	16.67	5.27	8.60	8.58	229.60	222.19	211.64	210.50	201.14	229.60 (20/5)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	155.01	−0.8	22.32	6.96	6.74	6.74	156.33	151.16	147.55	148.54	112.29	159.79 (22/4)	64.59 (2/1)	202.57 (5/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	112.18	−0.7	19.47	7.11	7.15	7.49	112.99	110.00	107.18	106.10	88.27	112.99 (20/5)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	48.67	−0.6	14.77	9.63	11.70	11.55	48.98	48.62	48.02	47.56	36.42	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	116.89	−1.3	18.69	6.66	7.61	7.59	118.38	113.41	111.30	111.00	98.79	118.38 (20/5)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	87.32	−1.2	64.37	7.05	7.06	7.04	88.34	85.96	82.97	82.54	95.97	90.59 (22/4)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	97.82	−0.9	108.80	5.21	6.95	6.94	98.73	96.41	90.91	91.04	116.98	105.62 (10/3)	44.28 (6/1)	357.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (15)	139.13	−0.2	30.33	7.63	4.77	4.77	139.48	135.87	134.90	134.99	155.51	146.90 (23/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	48.50	−1.9	16.84	9.40	9.23	9.17	49.43	47.84	47.09	46.50	46.41	50.55 (22/4)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	143.22	−1.6	14.23	5.73	9.89	9.88	145.61	141.33	135.83	134.62	114.95	145.61 (20/5)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (16)	159.63	−1.4	12.65	6.19	11.72	11.72	161.90	155.47	146.91	142.95	130.89	161.90 (20/5)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	167.01	−2.5	15.55	5.61	10.87	10.87	171.28	167.16	159.32	156.04	156.76	171.28 (20/5)	80.42 (6/1)	257.40 (15/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	155.60	−0.9	15.81	7.21	10.66	10.66	157.32	151.87	143.48	142.71	130.36	157.32 (20/5)	55.28 (6/1)	339.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	154.96	−0.8	15.41	6.05	10.14	10.09	156.15	152.48	148.76	148.95	112.53	156.15 (20/5)	62.03 (2/1)	211.65 (14/11/74)	59.67 (11/12/74)
18	Food Retailing (16)	144.21	−1.5	10.56	4.50	13.88	13.88	146.42	140.34	137.02	136.07	104.60	146.42 (20/5)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	143.01	−0.8	18.16	6.68	8.27	8.27	144.12	139.58	136.07	137.03	183.46	146.73 (23/4)	55.08 (6/1)	260.29 (18/1/73)	55.08 (6/1/75)
20	Packaging and Paper (13)	106.41	−0.7	20.82	6.20	6.97	6.98	107.12	105.79	103.67	105.79	76.76	107.12 (20/5)	43.46 (6/1)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (30)	129.54	−2.6	10.49	5.00	14.06	14.06	132.94	129.51	123.80	121.19	93.83	132.94 (20/5)	52.63 (6/1)	204.39 (16/5/72)	52.63 (6/1/75)
22	Textiles (19)	141.53	−0.1	28.85	7.11	4.02	4.01	141.71	139.66	134.88	133.76	130.75	142.59 (17/4)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobacco (3)	188.37	−2.3	17.55	7.07	8.46	8.46	192.77	185.85	177.39	179.92	177.14	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.54 (13/6/62)
24	Toys and Games (6)	42.84	−1.2	25.97	7.20	5.26	5.26	42.52	41.86	41.17	41.17	42.26	43.61 (23/4)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	177.77	+0.1	18.85	6.00	7.19	7.19	177.65	174.84	167.90	166.86	142.02	177.77 (21/5)	73.14 (6/1)	201.92 (31/1/69)	71.20 (11/12/74)
26	Office Equipment (10)	99.45	−1.6	14.37	6.51	9.57	9.57	101.03	94.96	93.84	92.18	117.20	104.78 (17/4)	45.54 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (11)	386.72	−2.5	23.93	6.10	6.09	4.96	396.71	382.67	372.23	360.66	372.59	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	149.88	−1.4	17.21	5.46	8.19	8.18	152.06	147.69	143.17	142.28	129.74	152.06 (20/5)	60.39 (6/1)	255.85 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	139.35	−1.5	18.78	5.88	8.46	8.48	141.24	137.18	132.32	131.34	117.84	141.24 (20/5)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	275.45	−0.9	26.72	5.52	4.01	3.74	277.92	274.18	269.57	267.01	224.41	277.92 (20/5)	105.84 (2/1)	441.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	150.85	−1.3	19.91	5.83	7.31	7.16	152.81	148.74	145.87	142.77	126.95	152.81 (20/5)	66.49 (6/1)	227.95 (15/6/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	145.25	−2.2	—	4.96	—	—	148.45	143.75	138.85	137.18	116.05	148.45 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	154.52	−2.7	23.95	6.10	6.21	6.91	158.86	155.12	148.92	147.84	134.24	165.68 (23/4)	62.66 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	145.95	−2.3	—	8.22	—	—	142.75	137.96	137.67	138.16	152.66	169.27 (7/3)	84.13 (6/1)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	102.66	−3.2	24.31	8.93	8.47	9.01	106.01	102.57	100.04	102.31	214.89	134.89 (10/3)	42.81 (6/1)	453.72 (4/5/72)	38.85 (11/12/74)
36	Insurance (Life) (9)	121.08	−2.7	—	5.54	—	—	124.41	118.76	112.75	110.08	96.37	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	121.87	−1.6	—	5.56	—	—	123.90	118.30	113.49	110.02	78.97	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	208.92	−1.2	9.52	4.06	15.53	15.63	211.50	208.28	201.69	194.45	162.57	211.50 (20/5)	68.96 (7/1)	263.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	87.57	−1.4	—	7.13	—	—	88.84	86.87	84.79	84.92	105.96	94.97 (7/3)	31.21 (7/1)	278.57 (1/6/72)	31.21 (7/1/75)
40	Property (32)	223.91	−2.6	3.07	2.80	39.99	38.86	229.71	224.55	220.85	222.62	152.86	241.22 (22/4)	88.19 (7/1)	357.40 (8/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	73.72	−0.7	15.44	6.81	9.37	9.28	74.24	70.62	69.26	69.42	97.55	75.76 (23/4)	34.78 (10/1)	303.15 (18/5/73)	33.29 (17/12/74)
42	Investment Trusts (50)	173.36	−0.7	2.90	3.99	34.62	34.52	174.52	172.46	172.26	171.84	128.69	174.52 (20/5)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	149.91	−1.4	—	5.55	—	—	152.07	148.02	145.43	142.23	125.87	152.07 (20/5)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (*Not included in 500 or All-Share indices*)															
44	Rubbers (10)	521.13	+0.4	9.96	6.24	11.90	11.58	519.15	515.51	509.66	511.36	409.18	521.13 (21/5)	281.66 (2/1)	555.37 (23/1/73)	64.68 (25/6/66)
45	Teas (10)	89.89	+0.4	21.42	6.60	5.94	5.46	89.57	88.37	88.37	86.50	105.71	89.89 (21/5)	76.76 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	445.06	+0.6	44.12	16.97	2.37	2.27	442.25	440.85	444.69	448.52	404.28	450.26 (28/2)	374.38 (22/1)	667.78 (15/1/73)	94.08 (29/4/62)
47	Mining Finance (11)	136.12	−0.1	8.96	3.87	12.17	12.14	135.93	134.26	132.62	134.74	107.70	136.12 (21/5)	80.58 (22/1)	175.90 (28/4/69)	66.51 (30/9/74)
48	Tins (8)	110.77	+1.0	9.21	7.46	13.99	13.02	109.66	107.28	108.66	105.76	98.51	110.77 (21/5)	68.91 (3/1)	126.45 (12/1/73)	54.83 (25/5/71)
49	Overseas Traders (13)	246.32	−2.4	14.11	3.53	9.02	8.09	252.25	245.38	240.30	239.50	—	245.38 (19/5)	97.57 (6/1)	245.38 (19/5/75)	97.57 (6/1/75)

	FIXED INTEREST	Wed., May 21 Index No.	Wed., May 21 Yield %	Tuesday May 20	Monday May 19	Friday May 16	Thurs. May 15	Wed. May 14	Tuesday May 13	Monday May 12	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.10	15.09	15.20	15.18	15.18	15.17	15.28	15.51	13.95	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.03	‡13.76	47.05	47.07	47.15	46.98	46.91	46.79	46.35	52.11	53.09 (30/4)	38.27 (3/1)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.60	‡16.12	45.55	46.64	45.26	45.23	45.18	45.18	45.32	48.73	50.68 (21/3)	37.01 (3/1)	113.43 (23/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	42.90	16.14	42.80	42.77	41.75	41.75	41.76	41.76	42.80	45.88	46.67 (25/3)	35.86 (7/1)	114.41 (13/9/65)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	58.45	16.10	58.05	57.88	58.01	57.95	57.93	57.82	58.02	59.24	66.98 (20/3)	48.35 (3/1)	114.95 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Dates	Base Value	Section or Group	Base Dates	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	120.96
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	162.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.
A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 13	May 27	Aug. 7	Aug. 19
May 28	Jun. 9	Aug. 20	Sept. 2
Jun. 10	Jun. 23	Sept. 4	Sept. 16

"Calls" were dealt in EMI, Prudential, Fairey, National Commercial Banking, Charterhall Finance, British Car Auctions, BSR, Cavenham, Ultamar, Lonrho and Laporte. "Puts" were done in Charterhall Finance, General Electric and "Gussies" 'A.' while "doubles" were arranged in Grand Metropolitan, Courtaulds, Charterhall Finance and National Westminster Bank warrants.

Industrials						Mines	
		Grand Met.	10	Slater Walker	14		
		G.U.S. 'A'	20	Spillers	7	Anglo Amer.	45
A. P. Cement	20	Guardian	20	Tesco	6	Broken Hill Prp.	65
Assoc Leisure	5	G.K.N.	25	Thorn 'A'	25	Cast	9
Barclays Bank	35	Hawker Sidd.	25	Tube Invest.	30	Charter Cons.	20
Beecham	24	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	7
Boots Drug	24	Hudson (Wilms	5	Utd. Drapery	12	Cons Gold	22
Bowaters	17	I.C.I.	22	Vickers	15	De Beers Def.	20
B.A.T.	35	"Imps"	7	Woolworths	6	F. S. Geduld	200
British Leyland	1¾	I.C.L.	7			Great Boulder	56
British Oxygen	6	Inveresk	10	Property		Hampton Areas	10
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	9	Kloof	140
Courtaulds	12	"Lots"	9	Int. Europe	7	Lonrho	20
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	55
Distillers	15	Marks & Sp'ncer	22	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	7	Poseidon	55
Eagle Star	16	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	225
E.M.I.	14	P & O Dfd.	15			Rio T. Zinc	20
First National	5½	Plessey	8	Oils		Welkom	56
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	55
Gen. Accident	16	Rank Org. 'A'	25	Burmah Oil	11	Western M'ng.	15
Gen. Electric	14	Reed Int'l.	25	Shell	26	Zambia Copp	
Glaxo	40			Ultramar	17		

LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1974, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines Index.

Contracting and Construction	+208.23	Industrial Group	+121.55
Insurance (Brokers)	+185.89	Consumer Goods (Non-Durable) Goods	+119.23
Insurance (Composite)	+158.02	Electricals	+117.69
Insurance (Life)	+156.57	Motors and Distributors	+111.69
Entertainment and Catering	+154.56	Textiles	+110.78
Merchant Banks, Issuing Houses	+151.67	Office Equipment	+110.35
Financial Group	+142.25	Household Goods	+109.52
Food Retailing	+142.22	Consumer Goods (Durable) Group	+109.59
Food Manufacturing	+139.49	Electronics, Radio and TV	+107.72
Newspapers and Publishing	+138.61	Wines and Spirits	+101.93
Stores	+136.50	Breweries	+ 98.65
Oil	+135.25	Shipping	+ 84.90
Capital Goods Group	+133.47	Toys and Games	+ 83.76
Property	+132.85	Tins	+ 81.47
Engineering (General)	+131.82	Rubbers	+ 80.50
Building Materials	+131.60	Discount Houses	+ 64.46
Banks	+130.33	Tobacco	+ 61.34
Engineering (Heavy)	+129.96	Mining Finance	+ 54.20
Investment Trusts	+128.52	Coppers	+ 16.65
Hire Purchase	+127.88	Teas	+ 15.35
All-Share Index	+127.34	Gold Mines F.T.	+ 13.92
Machine Tools	+125.71		
Chemicals	+125.70		
Packaging and Paper	+123.63		
500 Share Index	+123.41		

* Percentage changes based on Tuesday, May 20, 1975 indices.

Stocks react despite rising demand

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 21.

STOCKS SAGGED over a wide front despite more evidence that the U.S. economy may be pulling out of its prolonged recession. The U.S. Commerce Department reported that new orders for durable goods in April registered their biggest monthly gain in almost eight years.

Analysts attributed the market's weakness to a technical adjustment from past gains, and to recent speculation that oil prices may rise this year.

According to the U.S. Commerce Department, durable goods orders rose 9.8 per cent. in April following a gain of 4.1 per cent. a month earlier. This was the largest increase in orders since December, 1967. However, market sentiment may have been influenced more by a Government report that the rise in the U.S. cost of living accelerated last month.

The Dow Jones Industrial Average dropped 11.81 to 818.68, while the NYSE common stock index lost 0.53 to 47.27. Declines led advances 1,070 to 337. Turnover slowed to 17.64m. from 18.31m. The Stocks Index was 3.28 lower at 250.10. The Transport Index fell 1.80 to 166.42 and Utilities shed 0.86 to finish at 77.17.

IBM fell $8⅝ to $212¾. The company told the Federal Court that its share of the computer market was declining and that its major competitors were growing much faster than it was during an Anti-Trust hearing.

Steels generally lost between a point or two. Several industry leaders in published reports offered bearish views on the steel outlook. U.S. Steel—weakest of the sector—fell $2 to $68¼.

Other shares down a point or more included Polaroid down $1½ to $31⅜, J. P. Morgan $1⅜ of to $64⅞, Xerox $1⅝ to $73¾, Houston Natural Gas $1½ to $41⅝, and Colt Industries $1½ lower at $30¼.

International Minerals and Chemical fell $1¼ to $42, although it raised the quarterly dividend to 50 cents a share from 32 cents.

General Electric, a volume leader, eased ⅜ to $44⅜, although it announced the development of a new all-electronic memory system.

General Motors dipped ¼ to $44½ after having traded as high as $45¼. The company announced the recall of 50,000 cars for various repairs. Ford Motor and Chrysler also retreated. Oils pointed lower too.

Prices on the American Stock Exchange declined in light trading. The Amex Index declined 0.59 to 86.78, while losses outnumbered gains, 398 to 205. Turnover amounted to 2.01m., against 2.34m.

Kaiser Industries, among the volume leaders, lost ⅜ to $9¼. Southland Royalty rose $2½ to $49⅞ however following bullish Press comment. Ajax Magnethermic, another firm spot, added $2 at $43.

OTHER MARKETS

Canada lower

Canadian shares closed generally lower in light activity although Golds finished sharply higher for the second day running. Volume at the close was 1.74m. shares compared with 1.36m. shares on Tuesday.

In Golds, heavily-weighted Dome Mines surged higher adding $1½ to $32.

The Toronto Industrial Index fell 1.10 to 185.00 and Western Oils lost 1.95 to 17.71. Base Metals shed 0.04 to 72.79 although Golds put on 13.7 closing at 414.34. In Montreal the Industrial Index fell 2.08 to 193.53.

PARIS—Nearly all sectors fell despite the ¼ point fall in the money market rate to 7⅝ per cent. Among the negative factors were fears of a capital gains tax and the under-subscription of the Frs.3,000m. national investment loan.

The most pronounced falls were among constructions and metals where Creusot Loire fell sharply. Michelin "B" lost Frs.16 and Carrefour fell Frs.40. BSN Gervais retreated Frs.40 and Aquitaine shed Frs.9.

BRUSSELS—Shares fell across a broad front, dealers claiming that this was due to end-account position closing. The tone was subdued after Wall Street's weakness.

Sofina, UCB, GB-INNO-BM, Solvay, Asturienne, Cockerill, ACEC and Union Miniere led local losses. Electrobel was a firm spot, gaining B.Frs.60 as did La Royale Belge. Petrofina fell by B.Frs.100. Foreign shares were irregularly lower—apart from Golds—with Dutch, French and U.S. issues heading losses.

FRANKFURT — Share prices drifted around DM2 lower on lack of new incentives, with institutions expecting the weaker market tone to remain for some time. Leading Banks, Chemicals, Electricals and Steels lost up to DM1.50 although Deutsche Bank firmed DM3 against the trend.

Motors and Engineerings eased up to DM2 while among Utilities Veba fell DM4. Kaufhof led stores DM6 lower while Constructions were mixed. Public bond issues were mixed with losses predominating for technical reasons.

MILAN—The market eased over a broad front under moderate selling pressure. All leading industrials lost ground.

Assicurazioni Generali again eased L1,130 after recovery. Bastogi and IFI Privileged were marginally lower in Financials as was Mediobanca in Banks. Cucurini lost L100, Fiat fell L41, Montedison shed L20.5.

AMSTERDAM—The market generally weakened in quiet conditions due to Wall Street's weakness and the dollar's decline to below Fl.2.40.

Royal Dutch, Unilever and Philips lost some ground, while Hoogovens edged higher and Akzo was unchanged among Dutch Internationals.

ZURICH—Prices declined on increased selling pressure with virtually no buying interest.

Some recently firm stocks including Oerlikon-Buehrle in Financials dropped sharply on profit-taking. Juvena Bearer and Participation Certificate continued weaker after a Press report of a possible dividend cut. Kreditanstalt led major Banks lower while Insurances also fell apart from very steady Baloise.

OSLO—Stocks tended steady except Industrials which were slightly easier.

VIENNA—Easier.

COPENHAGEN — Stocks were generally higher in active dealings. The bourse index was at a 1975 high.

TOKYO—The stock market eased on increased profit-taking and liquidation in the absence of encouraging fresh incentives.

Blue Chips led the decline with Sony, Pioneer, TDK Electronics, Toyota and Matsushita Electric all moving sharply lower.

Department Stores, Foods, Pharmaceuticals, Supermarkets, non-Ferrous Metals, Housings, Motors, Constructions and Machinery stocks also declined. Among the limited gainers were some heavily-capitalised companies and Chemical stocks.

JOHANNESBURG—Gold shares were quietly firmer in light turnover. Heavyweights were up to 25 cents up where changed.

Financial Minings were quiet but occasionally firmer. Platinum shares were quietly firmer on local support.

Other Metals and Minerals were unchanged to higher. De Beers was unchanged at R320. The industrial market was generally a shade easier.

AUSTRALIA — Share prices closed higher in fairly active dealing. The market responded to the Federal Minerals and Energy Minister's affirmation that mineral export contracts would be honoured. Expectations of a sympathetic hearing of BHP's steel price rise claim by the Prices Justification Tribunal also supported the trend. Most sectors were firm apart from generally steady Golds and Oils. BHP rose 24 cents to $A6.48.

In the Mining section Pancontinental advanced 30 cents to $A3.40. Kathleen and Queensland Mines also rose. Sugars, Banks and Breweries were well supported too. In Constructions Lend Lease rose 12 cents.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume† 000's
May 21	67.94	166.42	818.68	77.17	17,640
20	67.75	168.22	830.49	78.03	18,310
19	67.96	169.66	837.69	78.16	17,870
16	67.86	169.20	837.61	78.16	16,630
15	67.84	170.39	848.60	78.86	27,690
14	67.61	173.47	858.73	78.20	29,050
13	67.65	172.38	850.13	78.64	24,450
12	67.61	171.38	847.47	78.48	22,410
9	67.64	171.91	850.13	77.96	28,440
8	67.29	170.72	840.50	76.57	22,980
7	67.56	170.85	836.44	75.47	22,260
6	67.65	171.30	834.72	75.25	25,410
5	67.54	174.12	855.60	75.19	22,370
2	67.32	171.99	848.48	74.64	26,210
1	67.35	170.76	830.96	74.99	20,660
Apr. 30	67.24	171.32	821.34	74.04	12,060
1975 High	69.02 (4/4)	174.12 (2/5)	858.73 (14/5)	81.88 (21/1)	—
Low	66.16 (2/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	164.48 (20/4/69)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

May 20	May 9	May 24, 1974
4.61	4.54	4.49

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	May 21	May 20	May 19	May 16	May 15
48.83 (14/5)	37.06 (2/1)	47.27	47.80	48.01	47.88	48.44

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,797	337	1,071	389

	May 21	May 20	May 19	May 16	May 15
New Highs	32	101	75	66	174
Lows	4	5	5	8	10

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	May 21	May 20	May 19	May 16	May 15
87.88 (14/5)	62.20 (2/1)	86.78	87.37	87.21	87.11	87.48
Volume (000's)		2,010	2,240	1,880	2,020	2,410

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
May 21	100.36	89.06
20	101.51	90.07
19	102.06	90.43
16	101.93	90.43
15	103.06	91.41
14	104.04	92.27
13	103.22	91.58
1975 High	104.04 (14/5)	92.27 (14/5)
1975 Low	77.71 (5/1)	70.74 (5/1)

* 425 Industrials, 50 Utilities, 15 Rails. † 425 Industrials, 50

STOCK AND BOND YIELDS

	May 14 1975	May 7 1975	May 8 1974
Ind. Ord. yield pc	3.63	3.76	3.59
Ind. Ord. p/e ratio	10.75	10.35	11.63
Long-term Gov. Bds. per cent.	6.90	6.74	6.73

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Evans Products	217,100	6⅛	+2
Amer. Tel. and Tel.	193,700	45⅛	−⅛
General Elec.	159,000	44⅜	−⅜
Xerox Corpn.	152,200	73⅜	−1⅝
Gulf Researches	131,600	21⅛	+⅛
How John	125,300	15⅛	−⅛
Houston Gas	123,100	41⅝	−1½
Polaroid	120,200	31⅝	−1½
Gulf States Tube	116,300	11⅜	−⅜
Int. Mining Chem.	116,100	42	−1¼

TORONTO

INDUSTRIAL INDEX

May 21	May 20	1975 High	1975 Low
185.00	186.10	188.69 (17/4)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

May 21	May 20	1975 High	1975 Low
193.53	195.61	197.96 (14/5)	159.95 (2/1)

COMBINED INDEX

May 21	May 20	1975 High	1975 Low
187.60	189.14	191.02 (14/5)	158.62 (2/1)

JOHANNESBURG

	May 21	May 20	1974-75 High	1974-75 Low
Industrials	206.5	207.5	210.3 (17/2)	182.0 (23/1)
Golds	315.6	311.6	379.1 (2/1)	293.2 (18/4)

(1958=100.) Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	May 21	May 20	May 8
On Dividends	7.65†	7.65	7.48
On Earnings	14.50	14.50	14.17

SYDNEY ALL ORD. INDEX

May 21	May 20	High 1975	Low 1975
357.64	350.59	368.48 (14/1)	285.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

May 21	May 20	High 1975	Low 1975
331.48	332.62	332.28 (16/5)	268.24 (10/1)

HONG KONG INDEX ●

May 21	May 20	High 1975	Low 1975
336.25	329.25	336.25 (21/5)	160.42 (9/1)

SINGAPORE INDEX §

May 21	May 20	High 1975	Low 1975
248.72	247.67	268.69 (11/5)	153.26 (3/1)

EUROPE

	May 21	Previous	1975 High	1975 Low
Belgium (a)	110.61	111.68	111.81 (13/5)	89.07 (2/1)
Denmark (b)	90.18	90.05	90.18 (21/5)	75.06 (2/1)
France (c)	67.7	68.6	72.6 (25/4)	51.70 (3/1)
Germany (e)	655.0	655.6	726.1 (15/4)	516.5 (2/1)
Holland (f)	105.5	106.0	107.6 (6/5)	85.8 (2/1)
Italy (g)	96.10	97.39	109.58 (21/3)	80.34 (8/1)
Spain (h)	105.66	104.55	110.56 (22/4)	91.25 (15/1)
Sweden (i)	370.00	371.67	378.85 (15/5)	310.08 (9/1)
Switzerland (m)	—	334.2	336.1 (6/5)	265.5 (2/1)

Indices and base dates (all base values 100)—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74 (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

Sterling up

Sterling was stronger against major currencies in general, and against the U.S. dollar in particular in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten leading units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) narrowing to 24.9 per cent. on the day, from 25.0 per cent., a level held at noon and in early dealings, as well as the previous evening. Conditions generally were quiet. The pound gained 120 points on balance against the U.S. dollar, to close at $2.3155-$2.3165, its best of the day—opening at $2.3070-2.3080, and trending upwards. The French franc was in good demand in places, following the latest moves to connect it with the joint-float of certain Common Market and other currencies.

The dollar's trade-weighted average fall against 14 units since the Washington Currency Agreement of December, 1971 (as measured on noon rates in New York by Morgan Guaranty) widened to 7.05 per cent., from Tuesday's 6.67 per cent., while sterling's depreciation on a similar basis narrowed to 30.26 per cent., from 30.39 per cent.

Gold rose appreciably in the London bullion market, by $3¼ an ounce on balance, to $170-171. Business, however, was no more than moderate. The Krugerrand ended in places at a premium of 21⁷⁄₁₆ per cent. over its gold content in domestic business, against the previous 22¼ per cent., and at 3⅝ per cent. in international, against 3⁷⁄₁₆ per cent.

EXCHANGE CROSS-RATES

May 21	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	2.338-341	58.06-30	6.72-74	5.39-42	97.6-7.75	85.73-35
N. York	42.84-93	—	24.86-96	2.783-787	2.3210-20	41.90-92	40.14-19
Paris	172.025-045	4.0255-0555	—	11.605-622	9.335-519	167.95-2.36	161.35-76
Brussels	14.82-87	34.74-79	8.61-65	—	80.16-35	14.47-55	13.88-94
London	5.41-42	2.3155-65	9.32¼-50¼	80.30-60	—	5.53½-4½	5.77¼-78¼
Am'erdam	102.365-415	5.5315-5565	59.495-545	2.300-9055	.5515-5565	—	35.88-6.045
Zurich	106.67-85	2.494-496	62.07-19	7.168-185	5.773-781	103.93-4.10	—

U.S.$ in Montreal U.S.$1=102.88-90 Canadian cents.
Canadian $ in New York. $C1=97.20-24 U.S. cents. U.S. $ in Milan 625.05
Sterling in Milan 1445.25.

EURO-CURRENCY INTEREST RATES*

May 21 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W.German mark	Swiss franc
†Short term	9-11¼	4¾-5¼	3-4	¾-1¼	5¼-5½	1-1¼
7 days notice	9½-10	4⅞-5⅛	5-6	¾-1¼	5¼-5½	2-2½
Month	10-10¾	5⅛-5⅜	6⅛-6⅜	2⅛-3⅛	4⅞-5	2⅞-3⅛
Three months	10¾-11⅛	5½-6	5⅞-7⅛	3¾-4	4⅞-5	3⅞-4⅛
Six months	11¾-12½	6½-7	7⅛-7⅝	4½-5	5⅛-5⅜	4⅞-5⅛
One Year	12¾-13½	7⅝-8⅛	8⅛-8⅝	5¼-5¾	6-6⅛	5-5¼

Euro-French deposit rates: two days' notice 7¼-7½ per cent.; seven days' notice 7¼-7½ per cent.; one month 7¾-7¾ per cent.; three months 7¾-8¼ per cent.; six months 8¼-8½ per cent.; one year 9¼-9½ per cent.

Longer-term Eurodollar deposits: two years 8¾-9 per cent.; three years 9-9¼ per cent.; four years 9¼-9¾ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5-4¾ per cent.; three months 5¹³⁄₁₆-5⁹⁄₁₆ per cent.; six months 6⅝-6⁷⁄₁₆ per cent.; one year 7¹⁵⁄₁₆-7⁹⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1 103¼% (103%).

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

MINES

INDUSTRIALS

TOKYO ¶

Source Nikko Securities, Tokyo.

PARIS

MILAN

STOCKHOLM

SWITZERLAND

BRUSSELS

SPAIN ◆

OSLO ◆

COPENHAGEN

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

STOCK EXCHANGE REPORT

Gold shares at record high but equity leaders fade

Share index 4.4 off at 351.5, after 358.2—Short gilts firm

Account Dealing Dates

*First Declara- Dealings	tions Dealings	Last Account Dealings	Day
May 5	May 15	May 16	May 28
May 19	May 29	May 30	Jun. 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24

*" New time " dealings may take place from 9.30 a.m. two business days earlier.

The main feature of stock markets yesterday was the strong upward movement in Gold mining shares in line with a rise of $3.25 to $170.50 per ounce in the bullion price. Local and U.S. demand in a market none too well supplied with stock left prices with substantial gains at the close and the Gold Mines index jumped 22.9 to an all-time peak of 425.6.

In marked contrast, equities began to look rather tired after the recent good rise. Leading industrials improved afresh during the morning session on some fairly sizeable buying, but this dried up towards mid-day and thereafter sellers took command. The pattern of trade was shown in the FT 30-share index which recorded a rise of 2.3 at 11 a.m. and ended a net 4.4 lower at 351.5. Initially, sentiment was helped by *the Prime Minister's strong* warning to the Chrysler workers. Trade was fairly brisk until the latter part of the day, with the results from Beecham, 296p, up 1, after 300p, creating a fair amount of interest, while ICI were a reasonably lively market ahead of to-day's first-quarter results.

Second-line equities presented a mixed appearance, but the trend was to lower levels. Falls were in a narrow majority over rises in FT-quoted Industrials, while the FT-Actuaries All-Share index gave up 1.4 per cent. to 149.91.

Short Gilts firm

Although overall trading conditions in British Funds remained quiet, short-dated stocks continued *to benefit from the recent* downturn in world interest rates. A fairly brisk trade in this area of the market left prices with fresh gains ranging to a ½ point. Mediums and longs, however, were again left out of the picture, but held steady at overnight levels.

The investment currency market experienced a moderate two-way business and the premium moved narrowly between 102¼ per cent. and 103¾ per cent. before coming to rest at 103¼ per cent., up ¼ more on balance. Yesterday's SE conversion factor at 1.30 p.m. was 0.5538 (0.5551).

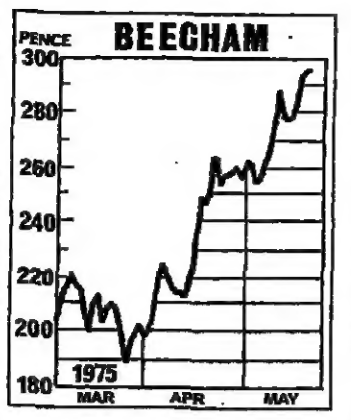
Banks drift down

The big four Banks tended to drift lower yesterday as recent buying enthusiasm dried up. Closing levels were the day's lowest with National Westminster 9 off at 228p and Barclays and Lloyds both 7 easier at 288p and 230p respectively. Midland ended 5 down at 260p. Bank of Scotland, at 255p, also lost 5. Discounts closed firmer for choice. Still drawing strength from the results, Seccombe Marshall and Campion gained 8 more to 273p in a thin market. Improvements of 10 and 12 respectively were seen in Allen Harvey and Ross, 260p, and Alexanders, 205p. Anglo Continental performed well in Merchant banks, jumping 8 to 45p.

A much quieter day in Insurances saw prices close with no set pattern. Ahead of going "ex-rights" to-day, Sun Alliance put on 5 more to 490p, after 500p. Phoenix, on the other hand, came back 8 to 234p.

With the exception of Allied, which improved 2 more to 71p, Breweries tended to drift lower as interest waned. Ahead of to-day's interim results, Wolverhampton and Dudley cheapened 2 to 125p, while Bass Charrington (interim figures due next Wednesday) receded a similar amount to 105p. Elsewhere, Distillers eased 2 to 141p, but further small buying on overseas earnings considerations helped Teacher (*Distillers*) firm 2 more to 184p, for a two-day gain of 14.

Buildings were narrowly mixed. Redland, 90p, and Newarthill, 73p, lost 5 apiece, while Taylor Woodrow, at 310p, gave up 4 of the previous day's rise of 14. Small buying in a thin market, however, raised Milbury 7 to 35p. International Paint continued firmly, *rising 5 to 140p.*



Awaiting to-day's first-quarter figures, ICI hardened to 278p before closing a penny easier on balance at 274p. Midland-Yorkshire declined 25p to 400p, after 390p, following the disclosure that Croda International has a 47 per cent. acceptance to its bid and is extending the offer until May 30. Farm Feed eased 3 to 37p on the results.

BICC retreat

Electrical leaders saw little trade and prices went into reverse after a slightly firmer opening to close with losses to 7. The chairman's announcement at the AGM of a setback in first-quarter earnings left *BICC* that amount down at 126p, after 124p. EMI, a particularly strong market of late on the potential for its new X-ray scanner, ended 5 cheaper at 188p, after 197p. Thorn receded 4 to 148p, while GEC finished 3 off at 123p, after 127p.

Ahead of to-day's preliminary statement, Debenhams were active and a penny harder at 84p. Other Store leaders moved lower with House of Fraser and Marks and Spencer both closing 4 cheaper at 88p and 267p respectively. F. W. Woolworth, at 49p, gave up 1½ of the previous day's *rise of 4 which followed the first-*quarter figures. British Home Stores were also dull at 363p, down 6, following the chairman's remarks on prospects. H. Samuel 'A', a good market of late, eased 2 to 175p. Sellncourt shed ½ to 9p on the reduced earnings, while Hardy and Co. (*Furnishers*) shaded 2 to 35p following Press comment on the results. In Shoes, Hilton's Footwear improved 5 to 47p.

Interest in the Engineering majors waned considerably and prices drifted lower. Hawker led *the retreat, falling 6 to 278p, while* GKN shed 5 more to 250p. John Brown eased 2 to 116p as did Vickers to 133p. Elsewhere, International Combustion became depressed by the sharply lower preliminary profits and cheapened 1½ to 9p. Redman Heenan, *however, edged forward ½ to 11½p,* after 12½p, following the higher half-year earnings. In front of to-day's interim results, John Brockhouse hardened 3 to 167p. Babcock and Wilcox were supported further to 119p initially but then *ran back to close unaltered on the day at 114p.*

Among easier Foods, Tate and Lyle declined 5 to 262p and Associated Dairies retreated 6 to 192p. Unigate, 46½p, and Spillers, 42p, shed 1½ apiece, while Northern Foods, ahead of to-day's interim statement, eased a penny to 75p. *Manbre and Garton* also turned reactionary, the Ordinary and new nil-paid both closing 3 cheaper at 131p and 30p premium, respectively. Biscuit manufacturers ran into light profit-taking with Associated finishing 2 off 68p and United 3 easier at 106p. Of the isolated *firm spots, Hillards, 85p, and Meat* Trade Suppliers, 70p, put on 5 apiece.

After recent strength, J. Lyons "A" declined 8 to 166p.

Beecham erratic

Beecham were an erratic market both before and after the annual results: standing at 293p, after 300p, just prior to the announcement, the shares subsequently improved again to 300p on the better-than-expected figures before ending just a penny up on the day at 296p. Other *miscellaneous industrial leaders* ended on a dull note. Reed International were finally 3 off at 275p, after 284p, awaiting to-morrow's results. Boots closed with a reaction of 5 at 265p, after 273p, while Bowater ended 3 off at 160p, after 167p. Elsewhere, Wedgwood came back 8 to 177p on results which failed to meet best market expectations. Trafalgar House reacted 5 to 113p ahead of to-day's interim results, while Ozalid shed 5 to 165p despite increased profits. On the other hand, the good half-time statement and dividend forecast with news of a "rights" offer left Hawkins and Tipson 5 higher at 82p, after a 1975 peak of 86p. Leisure Caravan Parks improved 4 to 65p, benefiting from higher profits, while Stag Furniture, on the chairman's bullish statement at the AGM, rose similarly to 70p. Press comment prompted Electrical and Industrial Securities to put on 4 to 34p. The Australian Broken Hill Proprietary added 20 more at 685p.

Motors *tended* to drift lower in idle trading. Rolls-Royce shed 2 more to 62p, as did Dunlop to 49p. Losses of 3 were sustained by Dowty, 109p, and Lucas Industries, 126p.

Brunning Group eased a penny to 28p on the reduced earnings, while the chairman's cautious statement at the annual meeting left British Printing a shade cheaper at 47½p. Harrison and Sons hardened 3 to 64p as did Olives Paper Mill at 32p. A. and C. Black held steady at 53p; the price in Tuesday's issue was incorrectly described as being at a 1975 "low," but the price has, in fact been down to 30p this year.

After opening a little better, leading Properties sustained a fresh reaction before closing a shade above the day's worst after a fairly active trade. MEPC finished 9 lower at 170p, after touching 181p and 169p, and Land Securities 8 down at 211p, after 221p and 209p. English Property were finally 1½ off at 88p, after 87½p, while Town and City Properties shed 2 to 30½p. Secondary issues generally closed easier for choice. Woodmill Property were a fraction down at 4p on the annual loss. However, Countryside Properties responded to *favourable Press comment with a* gain of 3 at 20p. Glanfield Securities added 10 at 180p, while the Australian Lend Lease made a bright showing at 262p, up 12.

Tricentrol lower

The Oil leaders moved in line *with the general market trend* and Shell Transport, after another fair-sized turnover, closed 5 down at 333p, after extremes of 342p and 332p. British Petroleum, in reduced activity, touched extremes of 462p and 453p before *ending a penny lower on balance* at 457p. Burmah closed similarly easier at 27p after 29p, while Royal Dutch, still on investment premium influences, shed ¼ to £27¼. *Elsewhere*, the profits contraction and final dividend omission continued to depress Tricentrol, which finished 7 lower at 65p, after 69p, for a two-day fall of 22. Ultramar, after improving to 200p came back to 196p for a net loss of 2. However, North Sea participant Siebens Oil and Gas (U.K.), which is dealt in *under Rule 163 (2)*, closed 115 higher at 785p, after 855p, on fresh speculation following the "rights" offer news. Associated Australian Resources rose 7 to 160p.

Trusts were firmer in places after a smaller business. Nelson Financial put on 10 more to 410p and British Isles and General hardened afresh by 5 to 355p. Lubok 12 per cent. Convertible put on 5 more points to £168 in Financials.

Business tailed off considerably in Shippings. Apart from Furness Withy, which followed the pre*vious day's Press-inspired rise of* 9 with a further improvement of 1 to 215p, prices drifted lower. British and Commonwealth shed *6 to 196p, while Reardon Smith* declined 15 to 450p.

Textiles displayed no set trend after a small business. Courtaulds ended a penny easier at 124p. The dividend omission and trading loss brought about a fall of 3 to 10p in Wormalds Walker and Atkinson, while John Crowther shed 2 to 38p following halved preliminary profits. John Haggas, on the other hand, edged forward 5 to 235p in a thin market as did RKT to 42p, after 43.

Bats ran back 5 to 325p, after 323p, in Tobaccos where Imps shaded 1 to 59p.

O.K. Bazaars "A" featured South Africans with a rise of 20 to 780p, while Abercom put on 10 more at 305p and S.A. Distilleries and Wines improved 15 to 335p.

Among quiet Rubbers, Guthrie closed 4 lower at 280p; late news that the company are to bid for Ajax Magnethermic Corporation of Warren, Ohio, did not affect the price. Consolidated Plantations, however, edged forward a penny to 63½ following the good results.

New peak in Golds

Gold shares staged a strong advance against the background of a buoyant bullion price which closed $3.25 up at $170.50 per ounce. Widespread and substantial rises in share prices lifted *the Gold Mines index* 22.9 to an all-time high of 425.6; the previous peak was of 425.4 on November 13 when the bullion *price had reached $186 but* the investment dollar premium at that time was 72¼ per cent. compared with yesterday's 103¼ per cent.

Buying of Golds came from London, U.S. and Cape centres, but the Continent tended to offer stock at the higher levels. Prices closed at the day's highest, the field being headed by gains of £2¼ in Randfontein (£34), St. Helena (£35) and West Driefontein (£34). Of the lower-priced issues, Harmony jumped 60 to 930p and Zandpan were 40 to the good at 495p.

Financials were firm, though less ebullient and the London-registered issues were dampened by the reversal in the U.K. Industrial market. Thus Charter came back 6 to 195p while RTZ were similarly lower at 202p after 211p following the latter company's annual meeting.

Of the overseas issues, Union Corporation rose 20 to 537p and Anglo American were 10 up at 485p, both prices being 1975 highs. De Beers gained 7 to 305p *and in a firm Platinum group* Potgietersrust were 9 up at 222p.

Australians were generally firmer with Pancontinental rising 20 to 355p. Elsewhere, companies with offshore oil exploration interests moved ahead, "Tanks" gaining 8 to 210p, Hampton Areas 17 to 184p and Silvermines 4 to 66p after 70p, the last-named being a notably active counter.

FINANCIAL TIMES STOCK INDICES

—	May 21	May 20	May 19	May 16	May 15	May 14	A year ago
Government Secs.	57.62	57.62	57.57	57.50	*57.39	57.35	58.75
Fixed Interest	57.41	57.24	57.14	57.17	57.14	57.14	58.18
Industrial Ordinary	351.5	355.9	353.8	341.8	335.5	330.9	292.5
Gold Mines	425.6	402.7	405.9	389.8	399.4	402.2	316.9
Ord. Div. Yld. %	5.93	5.84	5.86	6.06	6.11	6.23	6.71
Earnings Yld. % (full) (a)	17.86	17.19	17.21	17.79	18.08	18.30	17.32
P/E Ratio (net) (b)	7.86	8.20	8.18	7.91	7.78	7.69	8.80
Dealings marked	9,034	8,818	6,981	6,652	7,347	8,771	15,350
Equity turnover £m.	—	139.23	85.46	95.63	68.53	123.66	44.91
Equity bargains total	—	26,846	21,638	20,632	19,098	21,148	11,224

10 a.m. 357.5. 11 a.m. 358.2. Noon 353.0. 1 p.m. 354.0. 2 p.m. 353.9. 3 p.m. 354.3.

Latest Index 01-246 8026. Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.85.

Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. * Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	355.9 (20/5)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	425.6 (21/5)	280.2 (20/1)	425.6 (21/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 21	May 20
Daily—		
Gilt-Edged	127.2	117.8
Industrials	343.5	347.4
Speculative	82.8	83.1
Totals	205.6	200.7
5-day Av'r'ge		
Gilt-Edged	130.9	125.2
Industrials	290.7	286.1
Speculative	84.5	88.9
Totals	176.8	175.6

FT—ACTUARIES INDICES

—	May 21	May 20	May 19	May 16	May 15	May 14	A year ago
Industrial Group	139.53	141.24	137.18	132.32	131.34	129.62	117.84
500 Share	150.85	152.81	148.74	143.87	142.77	140.65	126.93
Div. Yield pc.	5.85	5.75	5.92	6.12	6.17	6.25	6.42
P/E Ratio (net)	7.31	7.47	7.29	7.05	6.99	6.88	7.70
All Share	149.91	152.07	148.02	143.43	142.25	140.27	123.87
Consols yield pc.	15.53	15.09	15.20	15.18	15.18	15.17	15.95

AUTHORISED UNIT TRUSTS

(a) (g) Abacus Arbuthnot Ltd.
53, Fountain St., M/C. 061-236 9775/8

				Yield %
Giants	33.6	35.4	.....	4.30
Giants Accum.	36.0	36.9	.....	4.30
Growth Units	30.8	32.6	.....	4.30
Growth Accum.	32.2	34.0	.....	4.30
Income Units	29.5	31.8	.....	8.20
Income Acc. Units	32.6	34.8	.....	8.20

(a) (g) The Crescent Group
Crescent Unit Trust Managers Ltd.
4, Melville Cres., Edinburgh 3. 031-226 4931
81, Fountain St., Manchester. 061-236 5685

				Yield %
Crescent Growth	18.6	19.7	−0.1	4.88
Cres. Internat'l.	39.2	42.0	−0.2	2.10
Cres. High Dist.	33.6	36.0	−0.2	7.13
Cres. Reserves	29.8	32.2	−0.4	4.36

(a) (c) Lawson Securities Ltd.
63 George Street, Edinburgh. 031-226 3911

				Yield %
Raw Resources*	70.8	75.8	.....	3.70
Gilt & Warrant††	28.3	30.3	.....	1.74
High Yield**	104.8	115.6	.....	13.50
Accum. Units**	115.7	122.7	.....	13.50
American Fund‡	24.8	26.8	.....	1.90

*Tuesday. ††Wednesday **Friday. ‡Daily.

(a) (z) Pearl Montagu T. Mgrs. Ltd.
114, Old Broad St., EC2P 2TH 01-588 6464

				Yield %
P.A.M Growth Fd	18.6	20.0	−0.1	4.10
Accum. Units	20.1	21.7	−0.1	4.10
P.A.M Income Fd.	22.5	24.3	−0.1	7.04
Pearl M'ntgu Tst	28.3	30.5	−0.4	4.39
Accum. Units	32.6	35.1	−0.4	4.39

(g) (x) Pelican Units Admin. Ltd.
81, Fountain St., Manchester.

(a) (g) Slater Walker Tst. Mangmt.

				Yield %
S.W. Growth	62.2	66.6	−0.5	5.32
S.W. Assets Trust	53.4	57.2	−0.7	6.67
S.W. Capital Acc.	37.6	40.3	−0.4	4.80
S.W. Financial	38.2	40.9	−0.5	3.74
S.W. High Inc.	54.0	57.8	−0.7	6.86
S.W. Property	423.8	437.0	+0.4	4.27
S.W. Status	20.8	22.2	.....	6.54
S.W. Minerals	90.1	96.9	−2.9	6.16
S.W. N. Amer.	25.8	27.5	+0.1	2.98
Century	40.4	43.0	−0.3	4.24
Nat High Income	64.8	69.0	+0.1	7.41
Provident	101.8	108.8	−0.4	3.49
Shield	40.9	43.6	−0.5	4.38
Universal Growth	92.8	98.6	−0.3	4.81

(a) (g) National Group
35, Norwich Street, EC4. 01-831 6212

				Yield %
Commodity Units	36.1	38.5	−0.5	4.04
Domestic	31.4	33.5	−0.2	5.88
Gas Ind. & Power	46.5	49.5	−0.8	4.82
Hundreds	41.3	44.0	−0.3	5.39
Investors' Gen'l	28.0	29.8	.....	5.08
Inv. Second Gen.	51.5	54.8	−0.5	3.98
Natbits	63.7	67.8	−1.2	3.69
Nat Consolidated	41.9	44.6	−0.4	4.82
National Int 'B'	137.7	146.5	−1.1	3.90
Natural Resces.	60.6	64.5	+0.3	4.05
Nutis	38.6	41.1	−0.4	4.85
Scot. Units	49.2	52.4	.....	4.47
Security First	57.7	61.4	−0.2	5.59
Shamrock	50.3	53.6	+0.3	4.43

(a) Stewart Unit Tst. Mngrs Ltd.
45, Charlotte Sq., Edinburgh EH2 4HW. 031-226 3271.

Stewart American Fund
Standard Units‡ 45.5 49.4 ..... 4.14

Stewart British Capital Fund
Standard‡ 93.6 100.0 ..... 4.13

Next dealg. May 23. ‡Next dealg. May 28.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141
*Exempt Eq'ty Tt. 118.0 124.0 ..... 4.83
72-80, Gatehouse Rd. Aylesbury. A'y 5941
The Family Fund 67.0 71.3 −0.7 2.96
*Prices on May 14. Next sub. day June 11.

[INSURANCE, PROPERTY, BONDS PRICES PAGE 35]

OFFSHORE AND OVERSEAS FUNDS

Albany Management Co. Ltd.
P.O. Box 1549, Hamilton, Bermuda.
Albany Fd. Ltd. $5.27 5.66 ..... —

Australian Selection Fund N.V.
Lond. Agent, Pan Australian Int Mgt Ltd., 20, Red Lion Court, E.C.4. 01-353 2416

Free World Fund Limited
Butterfield Building, Hamilton, Bermuda
NAV Apr. 30. US$152.62 ..... —

G.T. Bermuda Ltd.
Bk of Bermuda, Front St, Hamiltn, Brmda.
Berry Pc Fd May 14 US$24.94 ..... 1.70

Murray Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C.2. 041-221 5521
*Hope Street Fund US$21.00 ..... —
‡Murray Fund US$6.15 ..... —
*NAV May 15. ‡NAV April 30.

Negit S.A.
10a, Boulevard Royal, Luxembourg.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98½	90¼	Savings 3pc '65-75‡‡	98½		3.04	9.60
99⅜	94⅜	Exch.6½pc 1976‡‡	97⅝	+⅛	6.66	9.65
97¼	92	Treasury 6½pc 1976‡‡	96½	+⅛	6.73	9.56
98½	97	Victory 4pc 1976‡‡	98½	.....	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	101¼xd		10.37	9.63
95	88⅞	Treasury 6¼pc 1977‡‡	94⅛	+¼	6.64	9.83
91¼	86¾	Electric 3pc 74-77	91	.....	3.30	8.42
103½	96⅞	Treasury 11½pc '77‡‡	102		11.27	10.73
88	84	Treasury 3pc '77‡‡	86¾xd		3.46	9.07
88⅝	84⅛	Transport 4pc 72-77	87xd	.....	4.57	9.58
96	90½	Treasury 8pc 1978‡‡	95	+½	9.42	10.83
96	93¾	Treasury 8pc '78 'A'‡‡	95	+½	9.42	10.85
100	96⅝	Treasury 10½pc '78‡‡	98		10.65	11.03
87⅞	79	Exchequer 5pc '76-78‡‡	85		5.84	10.18
103	94	Treasury 11½pc '79‡‡	100	.....	11.45	11.32
79⅛	71⅛	Treasury 3pc '79‡‡	76⅞	+⅛	3.80	9.65
81	73⅞	Electric 4¼pc '74-79	79⅝	+⅛	5.35	10.19
100	96	Treasury 10½% '79‡‡	97¾xd		10.74	11.14
79⅝	71	Electric 3½pc '76-79	77⅜xd	.....	4.52	9.86
95	84	Treasury 9pc 1980‡‡	92⅝	+¼	9.74	11.07
		Five to Fifteen Years				
79	68¼	Treasury 3½pc '77-80	74¾xd	.....	4.67	9.90
84½	71	Funding 5¼pc '78-80‡‡	79⅝xd	.....	6.60	10.59
75½	66⅛	Treasury 3½pc '79-81	72¾	.....	4.87	10.08
91⅛	72⅝	Do 8¼pc '80-82‡‡	88½	.....	9.98	11.76
104⅛	86⅝	Treasury 12pc 1983‡‡	100	.....	12.26	12.42
78	58	Funding 5½pc '82-84‡‡	72⅞	.....	7.75	10.73
85¼	67⅛	Treasury 8¼pc '84-86‡‡	81⅛	.....	10.89	12.14
73¼	51⅛	Funding 6½pc '85-87‡‡	66¾xd	.....	9.79	11.82
76¼	53	Treasury 7¾pc '85-88‡‡	71⅜	.....	11.24	12.75
46⅛	32⅞	Transport 3pc '78-88	41¾	.....	7.39	12.19
55¼	39¾	Treasury 5pc '86-89	50⅛	.....	10.08	12.78
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90‡‡	66⅝xd	.....	12.28	13.37
55¾	41⅛	Funding 5¾pc '87-91‡‡	51	.....	11.44	13.37
97½	69½	Treasury 12½pc '92‡‡	90¼	.....	14.23	14.40
54½	40½	Funding 6pc 1993‡‡	48¾	.....	12.59	13.98
75¾	54⅜	Treasury 9pc '94‡‡	64¾xd	.....	13.92	14.47
34⅞	24¾	Gas 3pc '90-95	30¼xd	.....	9.97	12.72
102	75	Treasury 12¾pc '95‡‡	88	.....	14.53	14.63
71⅛	54⅜	Treasury 9pc '92-96‡‡	65⅛	.....	14.18	14.63
32¾	26½	Redp. 3pc '86-96	29¾	.....	10.23	12.62
69⅛	53¼	Treasury 8¾pc 1997‡‡	63⅛	.....	14.30	14.69
59⅞	40¾	Treasury 6¾pc '95-98‡‡	49	.....	13.88	14.51
75⅛	54¼	Treasury 9½pc 1999‡‡	69	.....	14.46	14.72
31⅛	22	Funding 3½pc '99-04	28⅛	.....	13.01	13.79
61⅛	47	Treasury 8pc '02-06‡‡	56	.....	14.55	14.68
42⅞	33	Treasury 5½pc '08-12‡‡	39⅛	.....	14.46	14.56
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	55⅛	.....	14.71	14.74
		Undated				
29⅜	22⅛	Consols 4pc	27½	.....	15.21	—
27¾	20⅛	War Loan 3½pc‡‡	23⅝xd	.....	14.76	—
27½	22⅜	Conv. 3½pc '61 Aft.	24⅞	.....	14.35	—
22	17½	Treasury 3pc '66 Aft.	20⅛	.....	15.20	—
18¼	14¾	Consols 2½pc	16⅞	.....	15.10	—
18⅛	14½	Treasury 2½pc	16¾	.....	15.24	—

INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
66¼	58	5pc Stock '77-82	65½	.....	7.80	12.70
96¼	91½	8pc Stock 1976	96	.....	8.33	11.65

CORPORATION LOANS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
86¼	80¼	Birm'ham 9¾pc '79-81	84¼	+¼	11.35	13.78
91½	87	Bristol 6½pc '75-77	91	+½	7.14	12.49
87½	82¾	Essex 5½pc '75-77	87	.....	6.32	12.70
[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (MISCEL.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 80½% (based on $2.3090 per £)

CANADIANS

[illegible]

S.E. List Premium 80½% (based on $2.3719 per £)
Conversion factor 0.5538 (0.5551)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Co[illegible]

[illegible]

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
£14¼	780	Durban Deep R1	£13	+¾	Q110c	ϕ	5.4
£14	860	E. Rand Prp. R1	£12½	+¼	Q115c	ϕ	6.0
105	55	Rand Leases 25c	70		—	—	—
£34	£22	Randf'tn Est. R2	£34	+2½	—	—	—
500	260	West Rand R1	395	+10	Q40c	1.3	6.7

EASTERN RAND

1975 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
370	235	Bracken R1	340	+20	†Q51c	1.1	9.7
23	13	Daggafontein 50c	16	......	—	—	—
105	68	East Dag R1	92	+2	Q25c	ϕ	17.5
140	140	Gent. Areas 5c	140#	......	—	—	—
350	210	Grootvlei 30c	325	+5	Q32c	1.1	6.3
790	410	Kinross R1	790	+25	†Q50c	1.5	4.1
198	107	Leslie 80c	165	+7	†Q22c	1.6	6.6
550	325	Marievale 70c	460	+30	Q84c	1.1	11.8
725	380	S. African Ld. 35c	670	+60	Q85c	1.2	8.2
265	175	Vlakfontein R1	235	+10	Q35c	1.3	9.5
£13	840	Winkelhaak R1	£13	+½	†Q94c	1.2	2.6
120	65	Wit. Nigel 25c	102	+4	Q1c	10.9	0.6

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

1975 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
60	43	Kamunting 15p	59	+1	†40	0.8	15.6
165	140	Killinghall	165	......	48	—	11.2
192	106	London Tin 20p	192	+4	35	ϕ	5.6
192	93	Malay Dredging	192	......	‡43.9	1.6	8.5
*59	29	ΔPahang	52	−1	†Qh12½	1.5	6.2
65	44	Pengkalen 10p	60	......	70	1.0	18.0
95	75	Petaling SM1	92	−3	—	—	—
23	8	Saint Piran	16	......	‡5.3	1.3	‡
125	68	South Kinta (10p)	120	+2	†62.5	0.9	10.6
150	73	Sthn. Malayan	148	......	‡43.9	1.4	11.4
83	47	Sungei Besi 20p	83	+1	†27½	3.2	10.2
43	33	Sungei Wai SM1	42	......	ZQ10	—	4.2
84	48	Tanjong 15p	70	......	29	ϕ	9.6
75	60	Tongkah Hb SM1	60	......	Q30	1.3	13.8
93	42	Tronoh	93	......	16.1	ϕ	6.6

COPPER

1975 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
86	56	Botswana RST P2	78	−2	—	—	—
390	196	Messina R0.50	360	+15	‡Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
8	3	Burma Mine 17½p	8xd	......	m0.5	—	1.7
55	17	Charterhall 5p	55	+5½	—	—	—
115	75	Colby Mines $1	75ϕ	......	—	—	—
730	360	Cons. Murch. 10c	700	+15	Q130c	2.2	12.0
53½	29½	Laurasia	39½	......	—	—	—
19	13	NRD $1	16	......	—	—	—
375	200	Northgate C$1	325	−5	Q65c	1.0	6.6
211	80	R.T.Z.	202	−6	19.9	4.4	3.8
135	47½	Selukwe Inds. C$1	108	−2	—	—	—
70	51	Stanford Mines	62	......	—	—	—
£12½	875	Tara Explo. $1	£11½	+⅛	—	—	—
75	38	Yukon Cons C$1	67	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ? Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

FINANCIAL TIMES
Thursday May 22 1975

Strike goes on say Chrysler stewards

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

ONLY HOURS after Mr. Wilson's warning to the Chrysler strikers that there would be no Government rescue for the company if they brought it to ruin, shop stewards decided unanimously yesterday to recommend that the strike continues.

At the same time they dismissed as "stupid" the Prime Minister's remarks that taxpayers' money would not be used "to gratify politico-industrial ambition," and stressed that the strike was about wages alone.

The stewards' recommendation seems certain to be adopted at a mass meeting to-day of the 4,000 workers who are on strike at the Stoke, Coventry, engine plant over their demand for an immediate £8-a-week pay rise.

However, both the Stoke and neighbouring Ryton plants will be closed for a week's holiday from Monday. The men will draw three days' holiday pay—part of their statutory entitlement—even if one strike, but will lose two days' holiday pay if they have not returned to work by to-morrow.

Mr. Wilson's remarks on the Chrysler situation were made on Tuesday night at a CBI dinner in London when he referred to "week-end Press reports" that some of the strikers apparently hoped to drive the company into public ownership.

A Downing Street spokesman said yesterday that this reference was based on the tenor of a number of newspaper accounts. But he pointed to part of a Sunday Telegraph story which read:

"Some Left-wing union leaders at Chrysler have made it clear that they would like to see the British part of the group forced into a situation where the company has to be taken over by the Government as in the case of Leyland. Shop stewards have called for nationalisation."

Document row

In another major Coventry strike Massey - Ferguson workers said a document had been found showing the "company planned the dispute." But a company spokesman said the document was a theoretical study of output made 13 months ago and took into account a possible strike in May.

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A shop steward of the Transport and General Workers' Union said there had not been any suggestion that the company should be nationalised. Other strikers said that although they might favour nationalisation in principle, the present dispute had nothing to do with that.

The Stoke strike has made nearly 8,000 other Chrysler workers idle, affecting production of Avengers in Coventry and Imps and Hunters at Linwood, Scotland, and threatening output of commercial vehicles at Luton. Last year Chrysler made a loss of almost £18m.

Support for Mr. Bob Morris, the strike leader and TGWU chief shop steward, shows no sign of waning. One inspector said: "We consider Bob soft, a bit of a gaffer's man. He is not the kind to pull us out on any pretext—it's us telling him what we want."

"It's about money and nothing else," a senior millwright said, pointing out that the £1.20-a-week cost-of-living allowance negotiated for the 1974-75 contract had remained unchanged. "But the girl in the Co-op opposite goes round the shelves every day sticking on new prices—1p here, 2p there."

An inspector with 38 years' service recalled that Chrysler workers were the elite in Coventry when the Rootes family owned and ran the company "before the Americans took over." Now they say they have fallen to fifth or sixth place in the city's pay league, even behind workers at British Leyland, which is getting massive financial help from the Government to tide it over.

Mrs. Thatcher pledges 'return to enterprise'

BY RICHARD EVANS, LOBBY CORRESPONDENT

IN A STATEMENT of personal political philosophy, Mrs. Margaret Thatcher yesterday outlined the values on which future Conservative policy would be based.

Her theme in a major speech to the Conservative Annual Women's Conference at Westminster was that the individual must be helped by the Tory Party to become more independent of the State and more self-reliant.

Although phrased in very general terms, the speech showed total support for the views of Sir Keith Joseph, the "shadow" Minister with overall responsibility for Conservative Party policy.

Ownership

Mrs. Thatcher spoke first of the right to personal ownership, which meant that some people were prepared to forgo immediate pleasure or luxury for what they judged to be the greater satisfaction of ownership.

The reason was "because it gives them a sense of independence, of self-reliance, of individuality. They feel some of the pride of ownership. These are the values which count most with so many people. Here is a firm foundation on which to build a policy," Mrs. Thatcher declared.

If people valued independence and self-reliance they would practise thrift to achieve them and they would seek an ordered society in which an individual's chosen pattern of life was protected by the law from criminal violence.

But if people had been led to believe that personal property was wicked and that ownership was contrary to pure Socialist morality, "then naturally you will be disposed to denigrate the values and virtues which are associated with personal property. You will despise independence, thrift, self-reliance and self-denial and you will be less shocked by violence and disorder."

In Mrs. Thatcher's view, the spirit of enterprise was the bedrock of the British national character. It was a trait that should be encouraged and not stifled.

Their answer

Yet the Socialists' answer to the unquenchable spirit of enterprise was to bleed people with taxation, to blister people with regulations and to plunder their capital.

The Conservative leader ventured to doubt whether enterprise, as it had been known for generations in Britain, could survive the piecemeal destruction of the private sector which was now proceeding.

"We Conservatives would restore it to its rightful place in our society," she insisted.

Leyland warning by machine tool men

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE U.K. machine tool industry will not be able to cope with the demand produced by the massive capital investment programme proposed for British Leyland.

This warning came yesterday from Mr. A. M. G. Galliers-Pratt, president at the annual meeting of the Machine Tool Trades Association. He maintained that the British Leyland programme and others resulting from Government capital injection "are beyond the resources of the world's machine tool industries, let alone our own, to meet the time scale which will be required by the users."

Seven years

Mr. Galliers-Pratt did not go into the statistics on which he based his comment. But it seems that the MTTA expects British Leyland will be spending at least 30 per cent. of its £200m.-a-year outlay on machine tools, and that would go on for seven years.

Compared with the £60m. a year this would involve, the total turnover of the U.K. machine tool industry can be expected to reach between £230m. and £250m.

Faced with the prospect that British Leyland will probably go for a "buy British" policy, the MTTA points out that there is no way the industry could meet the sudden increase in demand without its other customers being badly affected.

As Mr. Galliers-Pratt pointed out in his annual report yesterday: "Once again the machine tool industry will be castigated for failure to supply the very items which for so long the MTTA has been urging as the true need of British engineering, and which should and could have been supplied in a planned and orderly fashion over many years."

Mr. Galliers-Pratt said he was astonished that Mr. Anthony Wedgwood Benn, Industry Secretary, in 1975 "has the gall to urge the need for massive modernisation of U.K. plant. When one reflects on the stony attitudes of himself and his colleagues only a few years ago towards the association's pleading of this very cause, one wonders what has brought about this conversion, and in what way he will influence the all too frequent shop floor attitudes of resistance to new and improved production techniques."

Turning to a broader aspect of the problem, the MTTA's president said that the association had been pressing for an anti-cyclical policy at national level, "in which we have been much assisted by NEDO." Although the Chancellor failed to take action in the April Budget, this "in no way diminishes our belief in the case we have been presenting for so long and which is now much strengthened by the British Leyland situation. We shall continue the battle."

Mr. Galliers-Pratt pointed out that the MTTA would also continue "the battle against ignorance" about the industry. "There are still countless people who speak of the area of technology encompassed by machine tools in the same breath as a lawn mower." Yet the industry represented one of the most technologically advanced areas of engineering science in this country.

Importance

Later, Mr. W. E. Garrett, Labour MP for Wallsend, at the annual MTTA lunch, also spoke about the difficult task "to convince successive Parliaments, and indeed the nation, of the paramount importance of a strong, vigorous, competitive machine tool industry.

"It is essential that, instead of financial handicaps by indiscriminate general taxation, an effort should be made by Governments to give tax preferences which will not only stimulate this nation's engineering potentiality, but will allow the machine tool industry to fight and improve its premier position in the world's markets."

Benn backs 'reviled' car workers

By Philip Rawstorne

MR. WEDGWOOD BENN, Secretary for Industry, followed the Prime Minister's warnings to Chrysler employees with a strongly sympathetic defence of car workers in the Commons yesterday.

In what was regarded by many MPs as another calculated tilt at Mr. Wilson, he said that those who called on car workers to re-examine their attitudes might also examine their own.

"I am amazed that this body of workers, who contributed £1.8bn. of exports a year, should be so reviled and attacked in the society in which we live," he declared.

Mr. Benn, who was opening the debate on the British Leyland Bill, referred to the "tragedy" of those workers on car assembly lines—"the most dehumanising places known to man."

The Bill was given a Second Reading by 282 votes to 261.

Parliament Page 13

Siebens will raise £9m. for Shetlands oil

By David Bell

SIEBENS OIL and Gas (U.K.), an exploration company which recently announced a potentially commercial find in the Shetlands area, is raising £9m. by a rights issue to finance further drilling.

The company, which is 73.9 per cent. owned by Siebens Oil and Gas Ltd., of Canada; Coalite and Chemical Products; Guardian Royal Exchange; Hambros Group; and Phoenix Assurance is not quoted on the Stock Exchange, but unofficial dealing in its shares last night pushed the price up to about 800p, compared with less than 100p three months ago.

Siebens Oil and Gas (U.K.) owns 95 per cent. of Block 2/10 in the North Sea, and £7.5m. of the money raised in the rights issue will finance three new wells in this block. A further £1.25m. will be Siebens' share of the cost of the drilling programme in Blocks 16/2, 16/3 and 16/7 being carried out by Pan Ocean. Siebens has a 10 per cent. interest in the three blocks. Pan Ocean has announced a find on Block 16/7.

The largest of the shareholders in Siebens Oil and Gas (U.K.) is Siebens (Canada) with 27.2 per cent. Guardian Royal Exchange and Phoenix each have about 13 per cent., Hambros 11 per cent. and Coalite 8.3 per cent.

Citibank stake in Grindlays may rise

BY MICHAEL BLANDEN

AN INCREASE in the capital of Grindlays Bank, possibly with a rise in the First National City Bank's stake from 40 to 49 per cent., is expected to be announced early next week.

This follows the heavy provisions against property lending in the bank's merchant banking subsidiary, Brandts, which have hit the Grindlays capital base. Since the announcement of the setback at the beginning of April the bank has been engaged in discussions with its major shareholders, Citibank and Lloyds Bank, over the need for new capital backing.

Grindlays has indicated that it is considering boosting its capital by between £15m. and £30m. in equity loan stock or both. It is thought that the total injection may be towards the top end of that range.

Brandt's special provisions of £14.1m., together with £4.8m. general provision in Grindlays itself, left the group with a net loss of nearly £10m. last year. As a result of the planned re-organisation of Brandts, bringing closer integration with the parent, it was announced last month that the merchant bank would give up its membership of the Accepting Houses Committee.

The bank has promised a statement on the proposed capital increase before the annual general meeting of the parent National and Grindlays Holdings, which takes place next Thursday. National and Grindlays Holdings owns the other 60 per cent. of Grindlays Bank, while among its own shareholders Lloyds has a 41.4 per cent. interest.

Labour call for State takeover of TV transmitting facilities

BY JOHN BOURNE, LOBBY EDITOR

PUBLIC OWNERSHIP of all commercial TV transmitting facilities and the complete re-organisation of broadcasting finance — with the Government determining how much should be raised from advertising and how much from the Treasury—are recommended in the Labour Party Executive's evidence to the Annan Committee on broadcasting, published yesterday.

The evidence, as amended by the Executive's home policy committee under the chairmanship of Mr. Anthony Wedgwood Benn, says that the Government would decide the totals on the basis of recommendations from a new independent Public Broadcasting Commission in a five-year rolling budget. The PBC, which would contain elected representatives from major sections of the community such as the trade unions, local government and the House of Commons, would be responsible for the collection of advertising revenue.

The document, which was approved by a depleted meeting of the Executive yesterday, argues that the licence fee is a clumsy and regressive tax and should be phased out.

Much of the evidence is devoted to the need for "democratising" the broadcasting media and introducing "internal democracy into the broadcasting and productive units — enabling broadcasting workers to contribute directly to the management and development of their own industry."

The Labour Party recommends the creation of an advisory Communications Council, acting as independent ombudsman for all complaints concerning TV, radio and the Press. Funded by the Government, the Council would also keep under review the operating, development and inter-relation of all the mass media and investigate the possible subsidising of one medium by funds levied from another.

The PBC would be the funding agency for television and radio and its major responsibility would be the collection and allocation of finance. It would not do any actual broadcasting or be concerned with the preparation of programmes, but would lay down guidelines for advertising practice, quotas of foreign material and broadcasting hours.

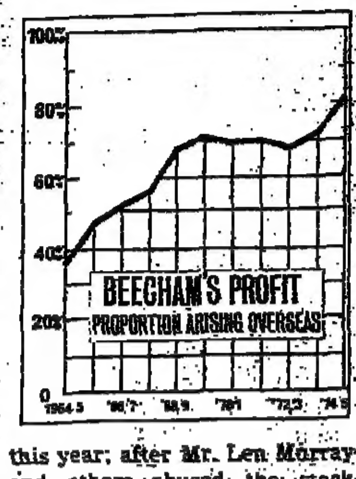
Programme making, says the document, should be carried out by a wide variety of dispersed units reflecting the talents of all parts of the U.K. "One possibility would be to organise the output through two TV corporations, each responsible for running one national and one regional channel . . . We also suggest one or possibly two independent radio corporations."

The Labour Party also recommends public ownership of all broadcasting transmission facilities, including cables.

THE LEX COLUMN

Overseas strength at Beecham

Index down 4.4 to 351.5



Whereas the market has not made any net progress over the past month, Beecham's shares have risen an eighth—and yesterday's figures underline what this strength is all about. U.K. trading profits fell 22 per cent. in 1974-75, broadly in line with the interim decline. But the group's pre-tax total has been lifted from £55m. to £61.9m. by another strong performance overseas, which (taking in exports) now accounts for four-fifths of the trading total. Hence the market capitalisation of £430m. and the yield, 4½ times covered, of under 3 per cent.

The trend overseas has been distorted by the timing of acquisitions. But the basic message is that profits overseas are 28 per cent. higher, and 1974's acquisitions were starting to make a measurable impact by the second half. Partly as a result of this, Western Europe is at the top of the growth league with trading profits about a third higher at something over £23m. Acquisitions, together with a very strong performance in areas like Germany and the U.S., have also helped to push worldwide profits from consumer products up to £25m. or so, a rise of about a tenth. But the major impetus is still coming from pharmaceuticals, which suggests three things.

The first is that Amoxil is running well up to expectations. Beecham is no longer willing to disclose its sales total separately, arguing that it now represents a major established product for the group. But it has beaten targets in the U.S., and been favourably received in Japan following its launch this January. Beecham claims that this success so far has had no noticeable effect world-wide on the progress of Penbritin. Finally, the group seems to have prepared its defences against the progressive run-down of its basic patent protection in ampicillins, which starts in the U.K. this autumn. To put this into perspective, the group's U.K. sales in this area may be very roughly £10m., and in the rest of the world it is well used to competition since it probably has less than two-fifths of the total market already.

Capital gains

There has been remarkably little political play made of the prodigious rise in share prices this year; after Mr. Len Murray and others abused the stock market for selling British industry short during the bear market they cannot, presumably, complain when share values recover. But the high volatility of the market still seems to be an embarrassment for the Stock Exchange Council, which often attempts to present the market as a financing medium for industry when its principal role, in fact, is to provide a place for buying and selling shares.

Cutting down speculation and volatility appears to have been a major consideration when Mr. J. Dundas Hamilton, Deputy Chairman of the Stock Exchange, suggested yesterday that capital gains tax should be made more onerous for short term than on longer term holders. But it is arguable that high taxation and increased commission have actually helped to make the market even more volatile.

At present, trading within the account escapes relatively lightly — costing commission of, say, 1½ per cent. and jobbers' turn of perhaps 2 per cent. But over any longer period, when stamp duty and a second commission become payable, costs total about 7 per cent. with the existing capital gains tax charged on any profit. The fact that a price movement has to be at least 10 per cent. to make it worth closing a position helps to explain why short-term traders are less effective in damping down market swings. Indeed, the old short-term gains tax tended to lock holders in and hence exaggerate the price movements — an effect of wh[…] the Poseidon bubble provid[…] perhaps the best example.

Moreover, Mr. Dundas Ham[…]ton's aim to cut down sho[…] term dealing can scarcely be[…] the interests of a stock mar[…] which lives on commission[…] there is no gravy from sha[…] holders who do not buy or s[…] But these were, apparent[…] strictly his personal vie[…] Somewhat confusingly the St[…] Exchange submission to t[…] Parliamentary Select Committ[…] on the Wealth Tax, which[…] was introducing, actually ca[…] for the abolition of capital ga[…] tax once Wealth tax and […] are in force. Evidently the[…] are some rather differe[…] opinions within the St[…] Exchange Council on how[…] radical changes in the taxat[…] of investors should be devis[…]

Wedgwood

On a firm sales trend, We[…]wood's 1974-75 profits are[…] per cent. ahead at £4.93m […] tax. Sales, in fact, are the […]couraging feature of the gro[…] performance — turnover ros[…] third in the final quarter — […] profits have made a fa[…] modest recovery after th[…] third quarter dullness, and […] per cent. growth during […] final period had the benefit of[…] extra week's trading. As[…] currency hedge the shares ha[…] outperformed the market by[…] street since February's rig[…] announcement, but they clo[…] 8p lower at 177p last night.

Sterling's continued weakn[…] should be helping demand […] year given a group export […] of more than 60 per cent. […] Wedgwood is ahead so […] Europe and the U.K. ha[…] stayed buoyant but Austr[…] is starting to slip while in […] U.S. there are signs of […] cutting (from Japan and Ge[…]many) in some medium pri[…] earthenware ranges. These pr[…]ducts may account for a thi[…] of Wedgwood's North Americ[…] sales. At the same time, […] pressures are now applyi[…] strongly to the manufacturi[…] base in the U.K.—notably […] and electricity charges—wi[…] the group a continuous proce[…] operator. Interest costs are fa[…]ing and the rights cash shou[…] further ease the balance she[…] pressures. But profits grow[…] this year is likely to be limit[…] despite some lengthy ord[…] books. A yield of 4½ per cent. […] four times covered.

Weather

U.K. TO-DAY

DRY in W. and S. Showers in E.

London, S.E., Cent. S. and S.W. England, Channel Is.

Dry, sunny spells. Wind N.E., light. Max. 14C (57F).

E. Anglia, E. and Cent. N. England

Bright spells. Scattered showers later. Wind N., moderate. Max. 11C (52F).

Midlands, Wales, N.W. England, Lakes

Dry, sunny spells. Wind N., light. Max. 13C (55F).

I. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Dry, sunny spells. Wind N., light. Max. 12C (54F).

N.E. England, Borders, Edinburgh, Cent. Highlands

Bright intervals, occasional showers. Wind N., moderate. Max. 9C (48F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland

Rather cloudy, frequent showers. Wind N., fresh. Max. 7C (45F).

Outlook: Dry in W., showers in E. Cool.

Lighting-up: London 21.24, Manchester 21.42, Glasgow 22.03, Belfast 22.03.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	S	24	75	Luxembrg.	S	20	68
Amsterdm.	F	11	52	Madrid	C	19	66
Athens	S	26	79	Manchstr.	S	16	61
Bahrain	S	34	93	Melbourne	C	25	77
Barcelona	F	20	68	Milan	S	21	70
Beirut	[illegible]	27	[illegible]	Montreal	C	21	70
Belfast	F	16	61	Moscow	S	18	64
Belgrade	S	26	79	Munich	S	22	72
Berlin	C	13	55	Newcastle	C	9	48
Birmghm.	C	14	57	New York	C	26	79
Bristol	S	17	63	Oslo	C	11	52
Brussels	S	15	59	Paris	S	20	68
Budapest	S	23	73	Perth	S	17	63
B. Aires	S	19	66	Prague	S	18	64
Cairo	S	30	86	Reykjavik	S	11	52
Cardiff	S	17	63	Rio de J'o	S	24	75
Cologne	F	14	57	Rome	S	24	75
Copnhagn.	C	10	50	Singapore	S	30	86
Dublin	F	14	57	Stockholm	C	12	54
Edinb'gh	S	12	54	Strasbourg	S	22	72
Frankfurt	S	20	68	Sydney	S	24	75
Geneva	S	25	77	Tehran	S	30	86
Glasgow	S	14	57	Tel Aviv	S	24	75
Helsinki	C	11	52	Tokyo	C	22	72
H. Kong	C	29	84	Toronto	S	24	75
Jo'burg	S	21	70	Vienna	S	21	70
Lisbon	F	16	61	Warsaw	F	19	66
London	S	15	59	Zurich	S	23	73

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	22	72	Jersey	S	16	61
Algiers	C	24	72	Las Plms.	S	23	73
Biarritz	F	19	66	Locarno	S	25	77
Blackpool	F	15	59	Majorca	F	21	70
Bordeaux	S	26	79	Malaga	F	19	66
Boulogne	S	12	54	Malta	C	19	66
Casablnca.	C	20	68	Nairobi	C	21	70
Cape Tn.	S	20	68	Naples	F	25	77
Corfu	S	25	77	Nassau	S	28	82
Dubrovnik	T	23	73	Nice	S	21	70
Faro	C	19	66	Oporto	S	20	68
Florence	F	27	81	Rhodes	F	24	75
Funchal	S	21	70	Salzburg	S	24	75
Gibraltar	C	18	64	Tangier	C	19	66
Guernsey	S	15	59	Tenerife	F	17	63
Innsbruck	S	25	77	Tunis	C	21	70
Inverness	F	10	50	Valencia	C	22	72
I. of Man	F	13	55	Venice	C	25	77
Istanbul	S	19	66				

S—Sunny. F—Fair. C—Cloudy. T—Thunder.

Continued from Page 1

CBI and TUC move on new pay pact

eroded under the flat-rate plan, suggested two-tier pay agreements.

The first element, he says, should be linked to the cost of living and applied to everyone, workers and pensioners, and up-dated at three-monthly intervals. A second element would take into account the value of the work involved.

Both ideas were thought worth further consideration and Mr. Jones and Mr. Jenkins have been asked to prepare papers for the TUC economic department, which is to draw up a draft policy report for the September Congress, ready for consideration at next month's economic committee.

There is little doubt that the TUC's growing awareness of the economic problems are linked to the increasing unemployment which was one of the main topics discussed with Mr. Healey yesterday.

Afterwards Mr. Len Murray, TUC general secretary, said the TUC fears that unemployment could top 1m. by the spring—figures to be published to-day are expected to show a slight drop—and had asked the Chancellor to impose some temporary selective import controls to "tackle unemployment and build up capacity for the renewal of world trade which we hope is coming next year."

They also asked for Government action to curb the "unfair competition" by the Japanese, including "dumping" of cars in the U.K., although Mr. Healey suggested they take this item up with Trade Secretary Mr. Peter Shore.

Moves to combat rising unemployment would come in a fortnight's time with publication of details of the promised Employment Protection Bill amendment enabling temporary employment subsidies to companies equivalent to the unemployment pay their workers would receive if they had been made redundant.

On wages, Mr. Healey, who was brought up-to-date on the decisions of the general council, expressed further interest in the "Jones" plan.

But Mr. Murray commented that it was recognised by both the TUC and the Chancellor that it would be difficult to change attitudes in collective bargaining and that people would not immediately set aside views they had held for some time.

Last night, Sir Ronald McIntosh, director general of the National Economic Development Office, stressed that the tripartite NEDDY—the only existing forum for tripartite meetings between the Government, TUC and CBI—"has never been needed more than now."

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